

## VUE ON MACGREGOR

4460 South MacGregor Way  
Houston, Texas 77021

### APPRAISAL REPORT

Date of Report: August 4, 2021  
Colliers File #: DAL210584



#### PREPARED FOR

Steve Defoe  
Fannie Mae  
5600 Granite Parkway  
Building VII  
Plano, TX 75024

Josephine  
Ajayi  
Berkeley  
Point Capital  
LLC  
4550  
Montgomery

#### PREPARED BY COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES

EXHIBIT C

# LETTER OF TRANSMITTAL

COLLIERS INTERNATIONAL  
VALUATION & ADVISORY SERVICES



1717 McKinney Avenue, Suite 900  
Dallas, TX 75202 USA  
MAIN 214 692 1100  
FAX 214 370 3992  
WEB [www.colliers.com/valuationadvisory](http://www.colliers.com/valuationadvisory)

August 4, 2021

Steve Defoe  
**Fannie Mae**  
5600 Granite Parkway  
Building VII  
Plano, TX 75024

Josephine Ajayi  
**Berkeley Point Capital LLC**  
4550 Montgomery Avenue  
Suite 1100  
Bethesda, MD 20814

**RE: Vue on MacGregor**

4460 South MacGregor Way  
Houston, Texas 77021

Colliers File #: DAL210584

Mr. Defoe & Ms. Ajayi:

Pursuant with our engagement, the above captioned property was appraised utilizing best practice appraisal principles for this property type. This appraisal report satisfies the scope of work and requirements agreed upon by Fannie Mae and Berkeley Point Capital LLC and Colliers International Valuation & Advisory Services.

The date of this report is August 4, 2021. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). Our appraisal format provides a detailed description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's leased fee interest. At the request of the client we have also completed an Insurable Replacement Cost Estimate. The following table conveys the final opinions of market value of the subject property that are developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Market Value As-Is	Leased Fee	June 21, 2021	\$17,300,000
Prospective Value Upon Stabilization	Leased Fee	August 21, 2022	\$18,800,000
<b>OTHER CONCLUSIONS</b>			<b>AS OF JUNE 21, 2021</b>
Insurable Replacement Cost			\$19,100,000

The subject is a Multifamily (Student Apartment) property totaling 115 units (347 beds) located on a 1.84-acre site at 4460 South MacGregor Way in Houston, Texas. The improvements were built in 2014, are in average/good condition and have a remaining economic life of 50 years based on our estimate.

The subject is located in proximity to the campus of The University of Houston, and has a current occupancy level of 62.8%, which falls well below the stabilized occupancy level estimate of 85% that was developed in this

appraisal. There is strong competition in the local market among student housing properties. Two new off-campus housing projects totaling 671 bedrooms have been completed within the past three years, including The Icon / Lofts at The Icon and Tower 5040. As a result of this situation along with the effects of the COVID-19 crisis, the subject has reflected some excess vacancy over the past couple of years. Currently, we are not aware of any additional new units planned in the near term. In addition, it is anticipated that more students will move back to campus area properties next year after commuting to school or taking a year off during the past year. Thus, the student housing market should slowly improve over the next two to three years, especially considering recent enrollment growth trends. Given this situation, we believe our projected stabilized occupancy rate will be achievable within the next 14 months (Fall 2022 semester).

It is prudent to note that the COVID-19 virus (aka coronavirus) is a serious illness that developed throughout the world and more specifically the United States. The impact to demand and ultimately values for real estate has not been significantly affected. Real estate is an investment type that historically takes a longer period of time to be impacted in relation to alternative investment types. CIVAS professionals have consulted with market participants in preparation of this assignment to understand and monitor how the subject property may be impacted.

Estimating the impact of the virus on market values is currently subjective since there is limited market evidence. According to the on-site property manager, there has been virtually no increase in collection loss at the property over the past few months. The subject property is primarily marketed toward students, and the majority of current residents are students. It is believed that there will be a lower amount of rent collection loss at a student oriented property due to the fact that many of the leases have a parent guaranty. Thus, we have not deducted any additional rent or collection loss as a result of Covid-19.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report is intended to conform to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards, Fannie Mae guidelines and the appraisal guidelines of Fannie Mae and Berkeley Point Capital LLC.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, "an assignment specific-assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions". *USPAP* defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinions of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

## **EXTRAORDINARY ASSUMPTIONS**

**Prospective Stabilized Date & Lease up Cost:** As of our valuation date of June 21, 2021, the subject property is only 62.8% occupied (based on number of beds) and thus operating well below a stabilized occupancy level. We have anticipated that the property will be fully stabilized within 14 months from the effective appraisal date, or near the beginning of the 2022-2023 school year. For the purposes of our analysis, the Prospective "As Stabilized" Market Value, assumes that the property is operating at a stabilized occupancy level by August 21, 2022.

To determine the rent loss due to vacancy during the lease-up period, we will utilize the estimated stabilized rents and apply these rents to the difference of the projected stabilized occupancy (exclusive of collection losses).

As of the current appraisal date, there are 218 occupied bedrooms at the subject. Thus, 77 bedrooms need to be leased / absorbed in order to attain a stabilized occupancy level. The majority of leases at a student housing property typically follow the school calendar and extend from August to July, with few, if any new leases starting during the academic school year. This is the case at the subject whereby the majority of leases commenced in August 2021, with a few starting in January, June and July as well. The subject property is reportedly only 24% pre-leased for the Fall 2021 semester. There should be additional new leases signed before the start of the upcoming school year; however, it is highly unlikely that the property will exceed the current occupancy rate of 62.8%. As a result of this situation, we have assumed that all 77 bedrooms of absorption needed to reach stabilization will occur during August of 2022. This absorption schedule should be achievable given aggressive marketing. The following chart calculates this estimate of rent loss for the dwelling units due to vacancy on a monthly basis.

LEASE-UP ANALYSIS					
TOTAL BEDS		347	BEDS OCCUPIED	218	
ABSORPTION RATE BEDS/MONTH		77	PGI/BED/MONTH	\$732	
STABILIZED OCCUPANCY (295 BEDS)		85.0%	DISCOUNT RATE	4.00%	
MONTH	BEDS ABSORBED	BEDS REMAINING	BEDS OCCUPIED	RENT LOSS (PER MONTH)	PRESENT VALUE OF RENT LOSS
1	0	77	218	\$56,341	\$56,154
2	0	77	218	\$56,341	\$55,967
3	0	77	218	\$56,341	\$55,781
4	0	77	218	\$56,341	\$55,596
5	0	77	218	\$56,341	\$55,411
6	0	77	218	\$56,341	\$55,227
7	0	77	218	\$56,341	\$55,044
8	0	77	218	\$56,341	\$54,861
9	0	77	218	\$56,341	\$54,679
10	0	77	218	\$56,341	\$54,497
11	0	77	218	\$56,341	\$54,316
12	0	77	218	\$56,341	\$54,135
13	0	77	218	\$56,341	\$53,956
14	77	0	295	\$0	\$0
TOTAL LOST RENTAL INCOME				\$715,623	
MARKETING @ \$1,000/Bed				\$77,000	
PROFIT @ 30.0% of \$792,623				\$237,787	
TOTAL LOST INCOME				\$1,050,000	
Rounded to nearest \$50,000					

The preceding chart accounts for the absorption of the property to a stabilized occupancy level. We have assumed an increase in occupancy at the beginning of the 2022-2023 school year, which is estimated to be on or around August 15, 2022. In addition to our estimate of rent loss due to vacancy, we have considered the risk involved in this assumption and have adjusted the estimate using a contingency (profit factor), as noted above. The contingency factor also accounts for the fact that the owner may need to purchase some new furnishings for some of the vacant units.

Also, we have included a one-time marketing charge per unabsorbed bedroom (equal to \$1,000) to facilitate a quicker and more consistent lease-up of the property by providing premium locator fees/extra marketing/advertising or an additional amount of concessions to the new tenants. In review, we have calculated the cost of stabilizing the property based on our assumptions. We have made several basic assumptions based on past trends we have witnessed for student housing properties during lease-up.

## HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were made for this assignment.

## RELIANCE LANGUAGE

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Colliers International Valuation & Advisory Services is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by Colliers International Valuation & Advisory Services or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that Colliers International Valuation & Advisory Services will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to Colliers International Valuation & Advisory Services, by a party satisfactory to Colliers International Valuation & Advisory Services. Colliers International Valuation & Advisory Services does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide Colliers International Valuation & Advisory Services with an Indemnification Agreement and/or Non-Reliance letter.

Colliers International Valuation & Advisory Services hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL  
VALUATION & ADVISORY SERVICES**



Mark Elledge, MAI  
Valuation Services Director  
Certified General Real Estate Appraiser  
State of Texas License #TX-1323332-G  
+1 214 217 9326  
mark.elledge@colliers.com



Kyle Knox, MAI  
Managing Director  
Certified General Real Estate Appraiser  
State of Texas License #TX-1323097-G  
+1 214 217 9335  
kyle.knox@colliers.com

**LETTER OF TRANSMITTAL**

<b>INTRODUCTION</b>	<b>1</b>
Executive Summary / Insurable Replacement Cost	1
Aerial Photograph	4
Subject Property Photographs	5
Identification of Appraisal Assignment	7
Scope of Work	9
<b>DESCRIPTIONS &amp; EXHIBITS</b>	<b>11</b>
Regional Map	11
Regional Analysis	12
Local Area Map	16
Local Area Analysis	18
Plat Map	31
Flood Map	32
Assessment & Taxation	37
Zoning Analysis	39
Market Analysis	40
Student Housing Market Analysis	40
Highest & Best Use	67
<b>VALUATION</b>	<b>69</b>
Valuation Methods	69
Income Approach	71
Rent Comparable Summation Table	73
Rent Comparable Location Map	74
Rent Data Sheets	75
Rent Adjustment Grid	81
Income Loss	91
Rental Income Analysis	91
Income & Expense Analysis	92
Subject Operating Historicals	93
Expense Comparable Table	94
Conclusion of Operating Expenses	95
Investment Market Analysis	98
Adjustments to Value	101
Lease-Up Analysis	101
Direct Capitalization	103
Effective Gross Income Multiplier Method	105
Sales Comparison Approach	106
Sales Summation Table	108
Sales Location Map	109
Sales Data Sheets	110
<b>SALES COMPARISON APPROACH CONCLUSION</b>	<b>118</b>
Reconciliation of Value Conclusions	119

## CERTIFICATION

## ASSUMPTIONS & LIMITING CONDITIONS

## ADDENDA

- Financial Exhibits
- Site Exhibits
- Engagement Letter
- Valuation Glossary
- Qualifications of Appraiser
- Qualifications of Colliers International Valuation & Advisory Services

**GENERAL INFORMATION**

<b>Property Name</b>	Vue on MacGregor
<b>Property Type</b>	Multifamily - Student Apartment
<b>Address</b>	4460 South MacGregor Way
<b>City</b>	Houston
<b>State</b>	Texas
<b>Zip Code</b>	77021
<b>County</b>	Harris
<b>Core Based Statistical Area (CBSA)</b>	Houston-The Woodlands-Sugar Land, TX
<b>Market</b>	Houston-The Woodlands-Sugar Land
<b>Submarket</b>	Braeswood Place/Astrodome/South Union
<b>Longitude</b>	-95.342116
<b>Latitude</b>	29.710930
<b>Number Of Parcels</b>	1
<b>Assessor Parcel</b>	1343850010001
<b>Total Taxable Value</b>	\$36,113,031
<b>Census Tract Number</b>	3132.00

**SITE INFORMATION**

<b>Land Area</b>	<b>Acres</b>	<b>Square Feet</b>
Usable	1.84	80,244
Unusable	0.00	0
Excess	0.00	0
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
<b>Total</b>	<b>1.84</b>	<b>80,244</b>
<b>Topography</b>	Level at street grade	
<b>Shape</b>	Irregular	
<b>Access</b>	Average	
<b>Exposure</b>	Average	
<b>Appeal</b>	Average/Good	
<b>Current Zoning</b>	None (N/A)	
<b>Flood Zone</b>	Zone X (Shaded) & Zone AE	
<b>Seismic Zone</b>	Low Risk	

**IMPROVEMENT INFORMATION**

<b>Number Of Units</b>	115
<b>Number Of Beds</b>	347
<b>Average Unit Size</b>	1,049 SF
<b>Net Rentable Area SF (NRA)</b>	120,661 SF
<b>Gross Building Area SF (GBA)</b>	229,266 SF
<b>Development Density</b>	62.4 Units/Acre (115 Units / 1.84 Acres)
<b>Number Of Apartment Buildings</b>	1
<b>Number Of Non-Residential Buildings</b>	<u>0</u>
<b>Total Number Of Buildings</b>	1
<b>Number Of Stories</b>	5
<b>Year Built</b>	2014
<b>Quality</b>	Average/Good
<b>Condition</b>	Average/Good
<b>Marketability</b>	Average
<b>Type Of Construction</b>	Wood frame
<b>Parking Type</b>	Garage
<b>Number Of Parking Spaces</b>	290
<b>Parking Spaces/Unit</b>	2.5
<b>Property Amenities</b>	The subject's common amenities include an H2O water deck, club room, fitness center, study rooms, dog park, security access and parking garage.

**HIGHEST & BEST USE**

<b>As Vacant</b>	Development of a multifamily residential property as market conditions warrant
<b>As Improved</b>	Continued use as a multifamily residential property

**EXPOSURE TIME & MARKETING PERIOD**

<b>Exposure Time</b>	Six Months or Less
<b>Marketing Period</b>	Six Months or Less

**VALUATION SUMMARY**

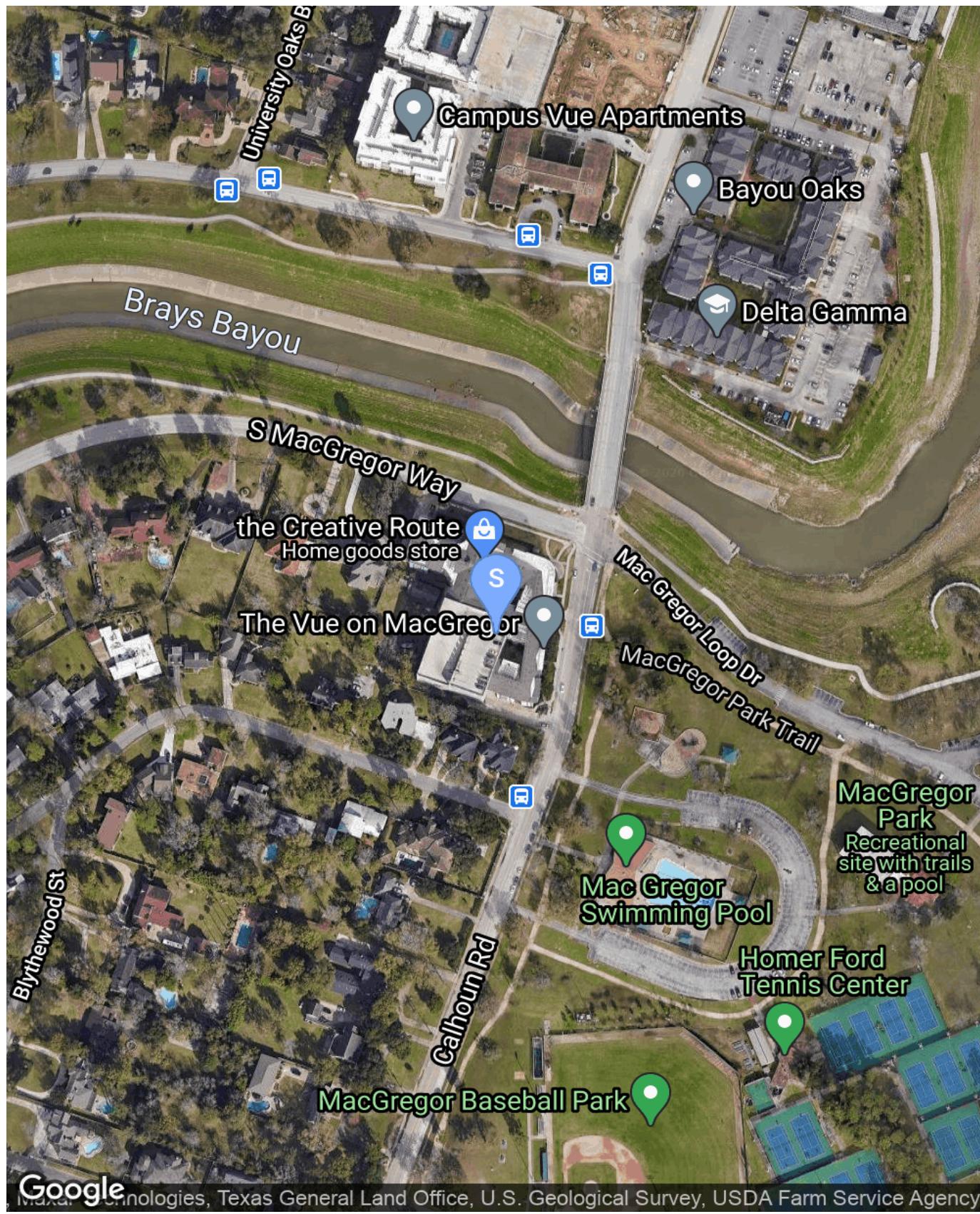
<b>Current Occupancy</b>	62.8%
<b>Stabilized Occupancy</b>	85.0%
<b>Estimated Lease-Up Period</b>	14 Months
<b>Current Average Rent/Unit</b>	\$2,263/Unit
<b>Concluded Average Rent/Unit</b>	\$2,208/Unit
<b>Potential Gross Income</b>	\$3,266,800
<b>Total Income Loss</b>	16.7%
<b>Effective Gross Income</b>	\$2,757,712
<b>Total Expenses</b>	\$1,676,941
<b>Net Operating Income</b>	\$1,080,771
<b>Capitalization Rate (OAR)</b>	5.75%

**SUMMARY OF STRENGTHS & WEAKNESSES OF SUBJECT ASSET**

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• No new student construction in pipeline</li> <li>• Positive enrollment growth anticipated to continue at University of Houston</li> <li>• Low interest rate environment</li> </ul>	<ul style="list-style-type: none"> <li>• Downward trend in rent and occupancy over past 2 years</li> <li>• Highly competitive student housing market</li> <li>• Two new Class A properties recently completed in local market</li> </ul>

## VALUATION SUMMARY

VALUATION INDICES	MARKET VALUE AS-IS	PROSPECTIVE VALUE UPON STABILIZATION
<b>INTEREST APPRAISED</b>	LEASED FEE	LEASED FEE
<b>DATE OF VALUE</b>	JUNE 21, 2021	AUGUST 21, 2022
	<b>INCOME CAPITALIZATION APPROACH</b>	
<b>Direct Capitalization</b>	<b>\$17,300,000</b>	<b>\$18,800,000</b>
Direct Capitalization \$/Unit	\$150,435/Unit	\$163,478/Unit
Direct Capitalization \$/Bed	\$49,856/Bed	\$54,179/Bed
Direct Capitalization \$/SF (NRA)	\$143.38/SF	\$155.81/SF
<b>Effective Gross Income Multiplier</b>	<b>\$17,800,000</b>	<b>\$19,300,000</b>
EGIM \$/Unit	\$154,783/Unit	\$167,826/Unit
EGIM \$/Bed	\$51,297/Bed	\$55,620/Bed
EGIM \$/SF (NRA)	\$147.52/SF	\$159.95/SF
<b>INCOME CONCLUSION</b>	<b>\$17,300,000</b>	<b>\$18,800,000</b>
Income Conclusion \$/Unit	\$150,435/Unit	\$163,478/Unit
Income Conclusion \$/Bed	\$49,856/Bed	\$54,179/Bed
Income Conclusion \$/SF (NRA)	\$143.38/SF	\$155.81/SF
	<b>SALES COMPARISON APPROACH</b>	
<b>SALES CONCLUSION</b>	<b>\$17,600,000</b>	<b>\$19,100,000</b>
Sales Conclusion \$/Unit	\$153,043/Unit	\$166,087/Unit
Sales Conclusion \$/Bed	\$50,720/Bed	\$55,043/Bed
Sales Conclusion \$/SF	\$145.86/SF	\$158.29/SF
	<b>FINAL VALUE CONCLUSION</b>	
<b>FINAL VALUE</b>	<b>\$17,300,000</b>	<b>\$18,800,000</b>
Final \$/Unit	\$150,435/Unit	\$163,478/Unit
Final \$/Bed	\$49,856/Bed	\$54,179/Bed
Final \$/SF (NRA)	\$143.38/SF	\$155.81/SF
	<b>OTHER CONCLUSIONS</b>	
<b>Insurable Replacement Cost</b>	<b>\$19,100,000</b>	
Insurable Replacement Cost/Unit	\$166,087/Unit	
Insurable Replacement Cost/Bed	\$55,043/Bed	
Insurable Replacement Cost/SF (GBA)	\$83.31/SF	





TYPICAL BUILDING EXTERIOR



TYPICAL BUILDING EXTERIOR



FRONT ENTRANCE



H2O DECK POOL



FITNESS CENTER



DOG RUN

# SUBJECT PROPERTY PHOTOGRAPHS

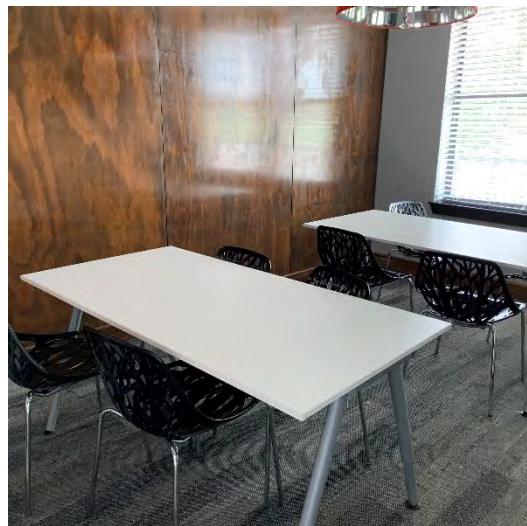
Case 21-32292 Document 89-3 Filed in TXSB on 09/13/21 Page 14 of 134

CONTINUED

DAL210584



BUSINESS CENTER



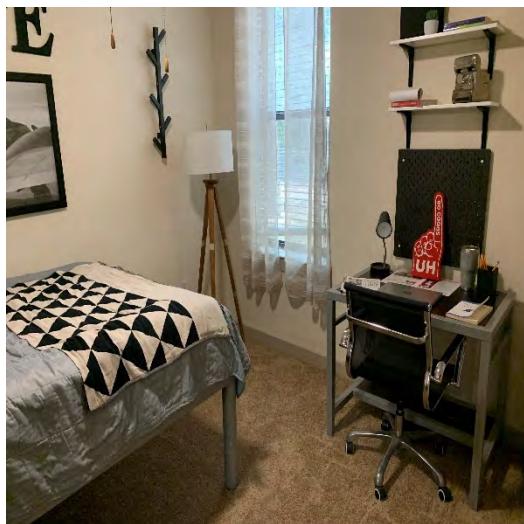
STUDY ROOM



TYPICAL LIVING AREA



TYPICAL KITCHEN



TYPICAL BEDROOM



TYPICAL BATHROOM

## PROPERTY IDENTIFICATION

The subject is a Multifamily (Student Apartment) property totaling 115 units and 347 bedrooms. It is located on a 1.84-acre site at 4460 South MacGregor Way in Houston, Harris County, Texas. The assessor's parcel number is: 1343850010001.

The legal description of the subject property is as follows: Being all of Unrestricted Reserve "A" of Valhalla Subdivision, and situated in the Luke Moore Survey, Abstract Number 51, City of Houston, Harris County, Texas.

## CLIENT IDENTIFICATION

The client of this specific assignment is Fannie Mae and Berkeley Point Capital LLC.

## PURPOSE

The purpose of this appraisal is to develop opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's leased fee interest. At the request of the client we have also completed an Insurable Replacement Cost Estimate.

## INTENDED USE

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset.

## INTENDED USERS

Intended users of this report include Fannie Mae and Berkeley Point Capital LLC. Use of this report by third parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

## ASSIGNMENT DATES

Date of Report	August 4, 2021
Date of Inspection	June 21, 2021
Valuation Date - As-Is	June 21, 2021
Valuation Date - Prospective At Stabilization	August 21, 2022

## PERSONAL INTANGIBLE PROPERTY

No personal property or intangible items are included in this valuation.

## PROPERTY AND SALES HISTORY

### Current Owner

The subject title is currently recorded in the name of NB Vue Mac DST who acquired title to the property on December 18, 2015 from Vue on MacGregor LP at a reported purchase price of \$34,750,000. Our appraised value is much lower; however, rent and occupancy levels have fallen over the past couple of years in the local market near the University of Houston. Our appraised value falls well short of the previous purchase price; however, market conditions have become much more competitive in recent years, thus producing lower rental rates and higher vacancy levels throughout the local student housing market.

### Three-Year Sales History

Research of the applicable public records, private data services and an interview of the current owner and/or broker revealed that the subject property has not transferred during the past three years of the effective date of value stated in this report.

## Subject Sale Status

Research of the applicable public records, private data services and an interview of the current owner revealed that the subject property is not under a current agreement of sale or option and is not currently offered for sale on the open market.

## DEFINITIONS

This section summarizes the definitions of value, property rights appraised, and value scenarios that are applicable for this appraisal assignment. All other applicable definitions for this assignment are located in the Valuation Glossary section of the Addenda.

### DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the following definition of value is applicable:

#### Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming that the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>1</sup>

### PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the leased fee interest.

#### Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>2</sup>

### VALUE SCENARIOS

#### As-Is Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.<sup>3</sup>

#### Prospective Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy.<sup>4</sup>

---

<sup>1</sup> Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

<sup>2</sup> The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

<sup>3</sup> The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

<sup>4</sup> The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

## INTRODUCTION

The appraisal development and reporting processes requires gathering and analyzing information about those assignment elements necessary to properly identify the appraisal problem to be solved. The scope of work decision must include the research and analyses that are necessary to develop credible assignment results given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. The scope of work for this appraisal assignment is outlined below:

- › The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The local area was further studied to assess the general quality and condition, and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.
- › The appraisers confirmed and analyzed legal and physical features of the subject property including sizes of the site and improvements, flood plain data, seismic zone, zoning, easements and encumbrances, access and exposure of the site, and construction materials and condition of the improvements. This process also included estimating the remaining economic life of the improvements, analysis of the subject's site coverage and parking ratios compared to market standards, a process to identify deferred maintenance and a conclusion of the subject's overall functional utility.
- › The appraisers completed an apartment market analysis that included the National Student Housing apartment market and Houston-The Woodlands-Sugar Land market. The Houston-The Woodlands-Sugar Land market overview analyzed supply/demand conditions using vacancy, absorption, supply change and rent change statistics. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- › The appraisers conducted a Highest and Best Use analysis, determining the highest and best use of the subject property As-Vacant and As-Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion, and continued use "as-is."
- › The appraisers confirmed and analyzed financial features of the subject property including historical income/expense data, rent roll, and tax and assessment records. This information as well as trends established by confirmed market indicators was used to forecast performance of the subject property.
- › Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. As a result, this appraisal developed the Income (Direct Capitalization & EGIM) and Sales Comparison approaches to value. The resulting value indicators were reconciled within the Analysis of Value Conclusions section. The appraisal develops opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's leased fee interest. At the request of the client we have also completed an Insurable Replacement Cost Estimate. The reasoning for including or excluding traditional approaches to value is developed within the Valuation Methodology section.
- › Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are fully described within this document.
- › We understand the Competency Rule of USPAP and the authors of this report meet the standards.

## SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Harris County Appraisal District
Zoning Information	City of Houston Zoning Code
Site Size Information	Alta Survey
Building Size Information	Harris County Tax Records
New Construction	RealPage
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Alta Survey
Other Property Data	Harris County Property Records
Rent Roll	On-Site Management
Income/Expense Statements	Client

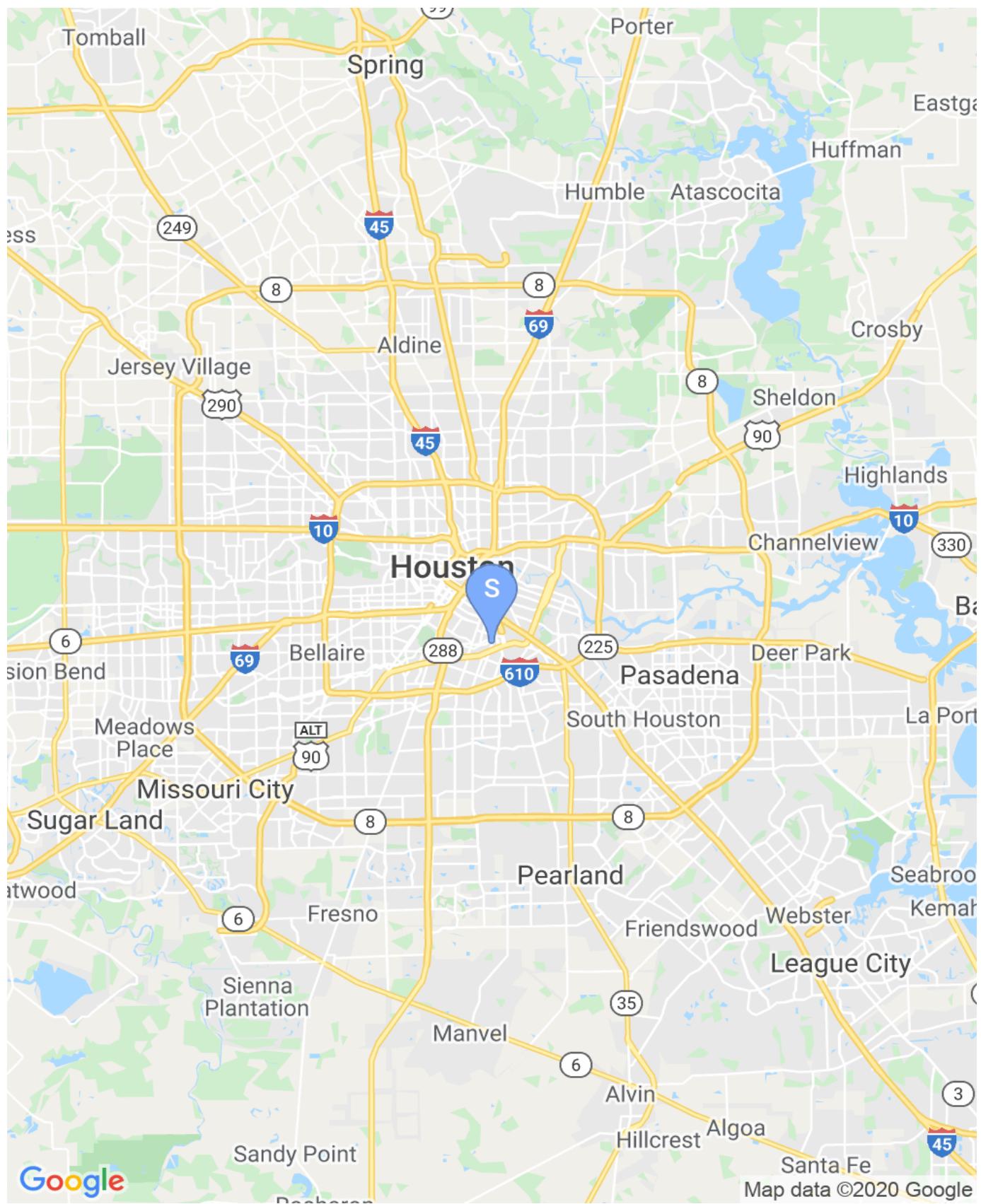
## SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Mark Elledge, MAI	Yes	Interior/Exterior	June 21, 2021
Kyle Knox, MAI	No	-	-

INSPECTED UNITS				
UNIT TYPE	AVG UNIT SF	UNIT NO.	STATUS	COMMENTS
2 Bed / 2 Ba	945	118	MODEL	Adequate condition
3 Bed / 3 Ba	1,060	119	VACANT	"down" unit
4 Bed / 4 Ba	1,082	516	VACANT	Double Occupancy - "down" unit
TOTAL UNITS INSPECTED	3			

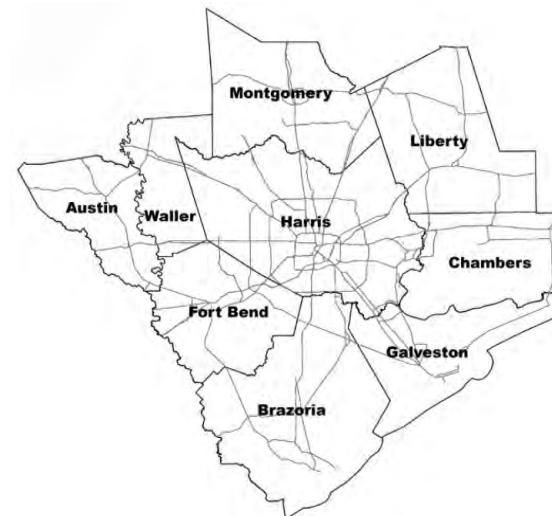
Present at the inspection was the on-site property manager. It is our understanding that the remaining (non-inspected) units are in similar condition to those inspected, with no interior deferred maintenance present in the other units. The appraiser also inspected all building exteriors and common areas.



## INTRODUCTION

The Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area is in southeastern Texas, on the Gulf Coast region. The MSA contains nine counties, including Harris, Chambers, Fort Bend, Galveston, and Montgomery. The region is in the gulf coastal plains, where most of the area's elevation is close to sea-level.

With an estimated population of 7,197,799 at the 2019 census, the Houston-The Woodlands-Sugar Land, TX MSA is the fifth most populated Core Based Statistical Area in the U.S. and the second most populated MSA in the state of Texas. Recognized as the world's energy capital, the region's economy is driven by the energy industry. Houston continues to expand its economic base in international business, information systems technology, and service-related sectors. Out of the 500 U.S. corporations with the largest revenues in 2014 listed by Fortune magazine, 26 have headquarters within the Houston-The Woodlands-Sugar Land, TX MSA. Phillips 66, ConocoPhillips, Enterprise Products Partners, Sysco, and Plains GP Holding are amongst the largest businesses headquartered in Houston.



## DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

### Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, the Houston-The Woodlands-Sugar Land metropolitan area had a 2020 total population of 7,197,799 and experienced an annual growth rate of 2.0%, which was higher than the Texas annual growth rate of 1.6%. The metropolitan area accounted for 24.5% of the total Texas population (29,424,381). Within the metropolitan area the population density was 839 people per square mile compared to the lower Texas population density of 111 people per square mile and the lower United States population density of 92 people per square mile.

POPULATION			
YEAR	US	TX	CBSA
2010 Total Population	308,745,538	25,145,561	5,920,416
2020 Total Population	330,412,290	29,424,381	7,197,799
2025 Total Population	341,167,877	31,561,640	7,855,288
2010 - 2020 CAGR	0.7%	1.6%	2.0%
2020 - 2025 CAGR	0.6%	1.4%	1.8%

Source: Pitney Bowes/Gadberry Group - GroundView®

CONTINUED

DAL210584

POPULATION DENSITY			
YEAR	US	TX	CBSA
2020 Per Square Mile	92	111	839
2025 Per Square Mile	95	119	916

Source: Pitney Bowes/Gadberry Group - GroundView®

The 2020 median age for the metropolitan area was 34.60, which was 10.51% younger than the United States median age of 38.24 for 2020. The median age in the metropolitan area is anticipated to grow by 0.39% annually, increasing the median age to 35.28 by 2025.

MEDIAN AGE			
YEAR	US	TX	CBSA
2020	38.24	34.82	34.60
2025	38.97	35.51	35.28
CAGR	0.38%	0.40%	0.39%

Source: Pitney Bowes/Gadberry Group - GroundView®

## Education

Five separate and distinct state universities are within the Houston-The Woodlands-Sugar Land, TX MSA. The University of Houston is a nationally recognized Tier One research university, and it is the flagship institution of the University of Houston system. The third largest university in Texas, the University of Houston, has an annual enrollment of more than 40,000 students on its 667-acre campus in southeast Houston. Rice University is one of the leading teaching and research universities of the United States and is ranked the nation's 17<sup>th</sup> best university by U.S. News & World Report.

## Household Trends

The 2020 number of households in the metropolitan area was 2,464,485. The number of households in the metropolitan area is projected to grow by 1.6% annually, increasing the number of households to 2,672,105 by 2025. The 2020 average household size for the metropolitan area was 2.89, which was 11.76% larger than the United States average household size of 2.58 for 2020. The average household size in the metropolitan area is anticipated to grow by 0.14% annually, raising the average household size to 2.91 by 2025.

NUMBER OF HOUSEHOLDS			
YEAR	US	TX	CBSA
2020	124,774,359	10,356,154	2,464,485
2025	128,904,424	11,085,227	2,672,105
CAGR	0.7%	1.4%	1.6%

Source: Pitney Bowes/Gadberry Group - GroundView®

AVERAGE HOUSEHOLD SIZE			
YEAR	US	TX	CBSA
2020	2.58	2.78	2.89
2025	2.58	2.79	2.91
CAGR	0.00%	0.06%	0.14%

Source: Pitney Bowes/Gadberry Group - GroundView®

The Houston-The Woodlands-Sugar Land metropolitan area had 36.27% renter occupied units, compared to the lower 35.63% in Texas and the lower 34.78% in the United States.

HOUSING UNITS			
	US	TX	CBSA
Owner Occupied	65.22%	64.37%	63.73%
Renter Occupied	34.78%	35.63%	36.27%

Source: Pitney Bowes/Gadberry Group - GroundView®

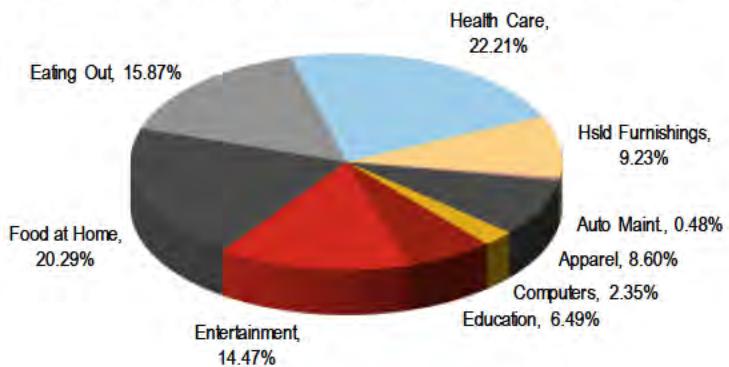
The 2020 median household income for the metropolitan area was \$70,015, which was 11.4% higher than the United States median household income of \$62,847. The median household income for the metropolitan area is projected to grow by 3.9% annually, increasing the median household income to \$84,876 by 2025.

According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the Houston-The Woodlands-Sugar Land, TX MSA's cost of living is 95.8 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

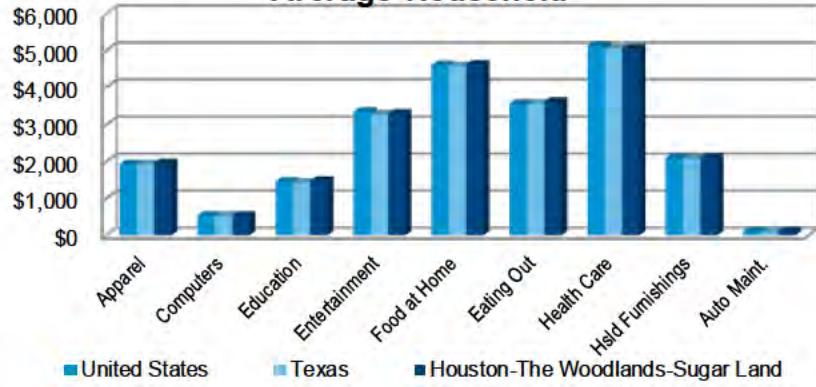
MEDIAN HOUSEHOLD INCOME			
YEAR	US	TX	CBSA
2020	\$62,847	\$62,954	\$70,015
2025	\$75,115	\$76,705	\$84,876
CAGR	3.6%	4.0%	3.9%

Source: Pitney Bowes/Gadberry Group - GroundView®

**Consumer Spending Houston-The Woodlands-Sugar Land**



**Consumer Spending Comparison  
Average Household**



CONTINUED

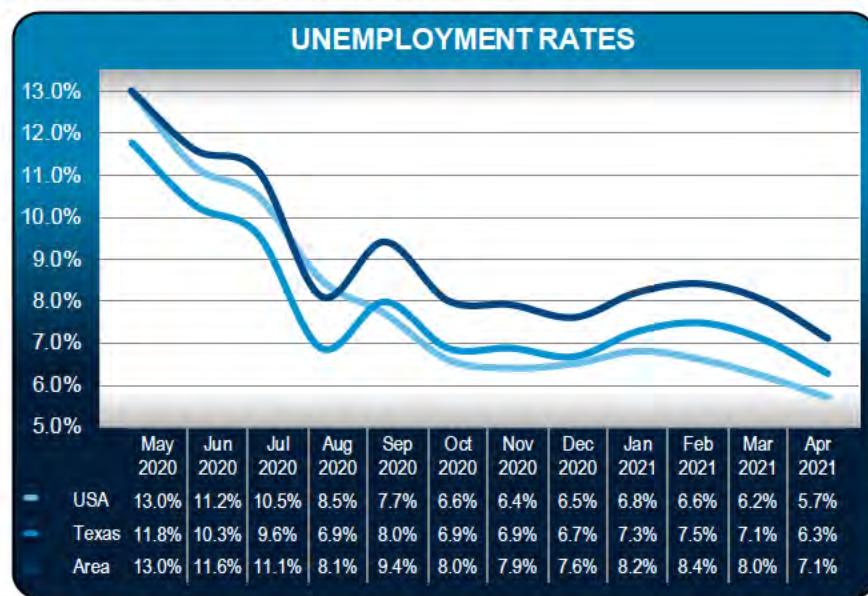
DAL210584

## EMPLOYMENT

Total employment has increased annually over the past decade in the state of Texas by 1.3% and increased annually by 1.2% in the area. From 2019 to 2020 unemployment increased in Texas by 4.1% and increased by 4.8% in the area. In the state of Texas unemployment has decreased over the previous month by 0.8% and decreased by 0.9% in the area.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2011 - 2020							
		TOTAL EMPLOYMENT			UNEMPLOYMENT RATE		
Texas		Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area			United States*	Texas	Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2011	11,498,869	2.2%	2,794,837	2.5%	8.9%	8.0%	8.1%
2012	11,794,975	2.6%	2,900,976	3.8%	8.1%	6.7%	6.6%
2013	12,022,272	1.9%	2,983,316	2.8%	7.4%	6.3%	6.1%
2014	12,333,076	2.6%	3,072,718	3.0%	6.2%	5.2%	5.0%
2015	12,503,464	1.4%	3,107,962	1.1%	5.3%	4.5%	4.6%
2016	12,728,898	1.8%	3,125,997	0.6%	4.9%	4.6%	5.3%
2017	12,983,493	2.0%	3,165,477	1.3%	4.4%	4.3%	5.0%
2018	13,274,820	2.2%	3,233,336	2.1%	3.9%	3.9%	4.4%
2019	13,541,936	2.0%	3,296,738	2.0%	3.7%	3.5%	3.8%
2020	12,915,337	(4.6%)	3,111,673	(5.6%)	8.1%	7.6%	8.6%
CAGR	1.3%	-	1.2%	-	-	-	-

Source: U.S. Bureau of Labor Statistics \*Unadjusted Non-Seasonal Rate



The preceding chart depicts unemployment trends in the region, Texas and the U.S. As depicted above, unemployment levels have slowly improved over the past year as the country continues to move toward the end of the COVID-19 pandemic.

**TOP EMPLOYERS**

EMPLOYER NAME	EMPLOYEES	INDUSTRY
Walmart	37,000	Wholesale/Retail Trade
Memorial Hermann Health System	24,108	Healthcare/Social Assistance
H-E-B Grocery Stores	23,732	Wholesale/Retail Trade
The University of Texas MD Anderson Cancer Center	21,086	Healthcare/Social Assistance
McDonald's Corporation	20,918	Accommodation/Food Services
Houston Methodist Hospital	20,000	Healthcare/Social Assistance
The Kroger Corporation	16,000	Wholesale/Retail Trade
United Airlines, Inc.	14,941	Transportation/Warehousing
Schlumberger Limited	12,069	Mining/Oil/Gas Extraction
Shell Oil Company	11,507	Mining/Oil/Gas Extraction

Source: <https://auditor.harriscountytx.gov>

The preceding chart depicts the top employers in Harris County. The retail sector has a significant presence in Houston, with two of the top three employers in the retail industry: Walmart and H-E-B Grocery Stores. The former employs 37,000 people, while the latter has a workforce of 23,732. Memorial Hermann Health System is the largest non-profit health system in southeast Texas. It consists of 14 hospitals, eight cancer centers, four heart and vascular institutes, and 27 sports medicine and rehabilitation centers. The healthcare system is the second largest source of employment in the region with 24,108 employees. The largest employer within the transportation sector is United Airlines. United Airlines has its largest hub at the George Bush Intercontinental Airport in Houston. It is the airline's hub for the southern United States and the primary gateway to Latin America.

**AIRPORT STATISTICS**

The following chart summarizes the local airport statistics.

GEORGE BUSH INTERCONTINENTAL/HOUSTON AIRPORT (IAH)		
YEAR	ENPLANED PASSENGERS	% CHG
2009	19,290,239	-
2010	19,528,631	1.2%
2011	19,306,660	(1.1%)
2012	19,039,000	(1.4%)
2013	18,952,840	(0.5%)
2014	19,772,054	4.3%
2015	20,595,874	4.2%
2016	20,062,072	(2.6%)
2017	19,603,731	(2.3%)
2018	21,157,398	7.9%
2019	21,905,309	3.5%

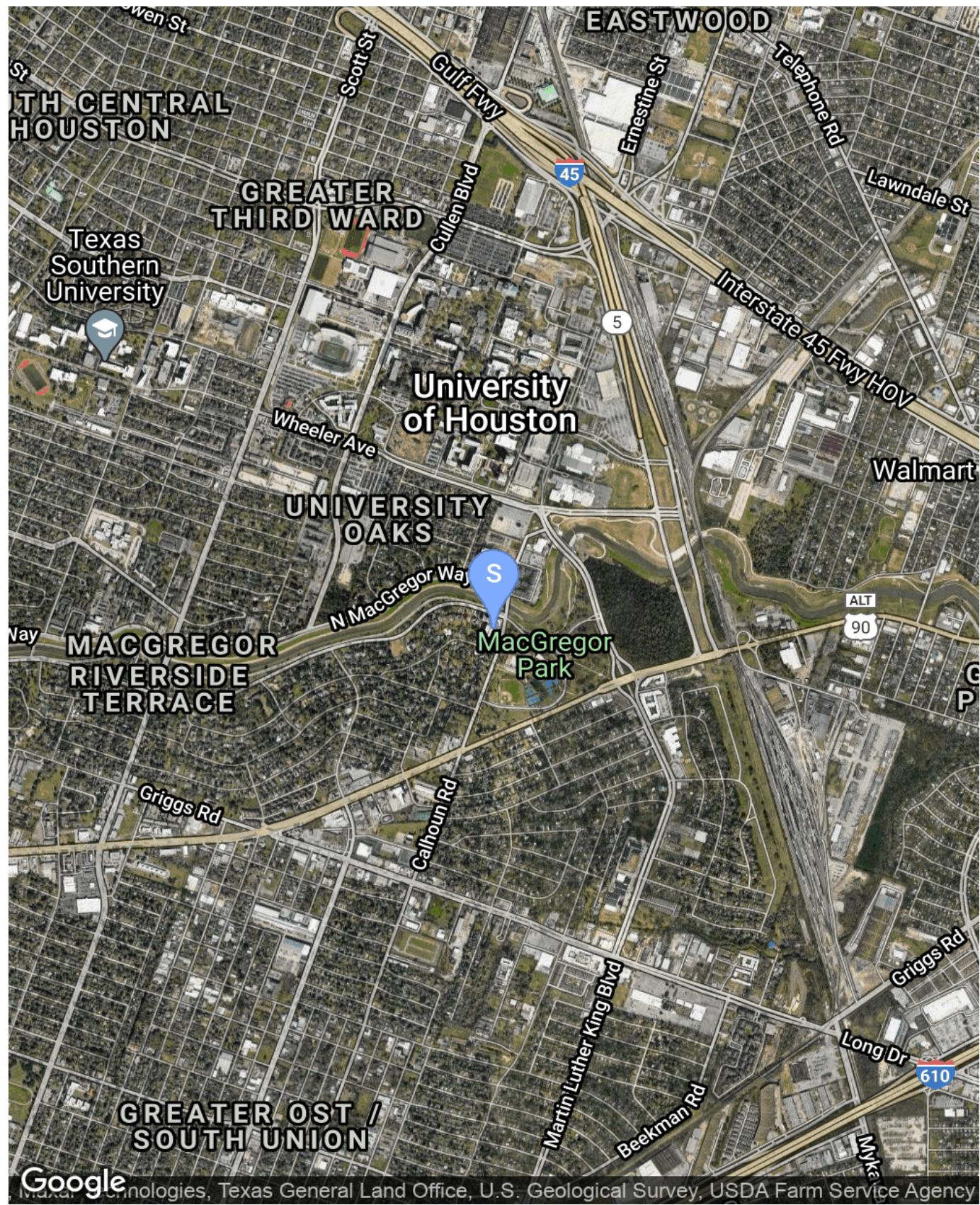
Source: U.S. Department of Transportation

**SUMMARY**

High oil prices are not a permanent fixture of the oil business or the regional economy; however, low oil prices are similarly impermanent. The national economy, affecting trade, technology, and corporate expansion generally, remains strong, and Houston should draw benefits. The regional economy has achieved significant diversification into non-energy sectors including trade, distribution, healthcare, technology and construction.

CONTINUED

DAL210584



## INTRODUCTION

In this section of the report, we provide details about the local area and describe the influences that bear on the real estate market as well as the subject property. A map of the local area is presented on the prior page. Below are insights into the local area based on fieldwork, interviews, demographic data and experience working in this market.

## LOCAL AREA PROFILE

The subject property is located in Houston, Texas, within Harris County. The site has convenient access to I-45 approximately 1 mile to the north. In addition, the Houston Central Business District is only 3 miles to the north. The University of Houston is one of the focal points of the local area and provides a significant economic impact to the neighborhood.

## DEMOGRAPHIC PROFILE

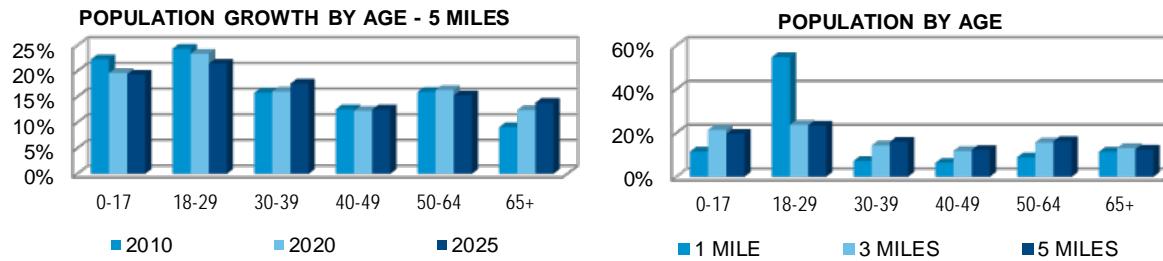
Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology(ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

CONTINUED

DAL210584

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
<b>POPULATION</b>				<b>AVERAGE HOUSEHOLD INCOME</b>			
2000 Population	11,083	138,033	365,034	2020	\$73,192	\$67,773	\$86,388
2010 Population	13,014	138,261	372,815	2025	\$86,841	\$80,926	\$103,295
2020 Population	14,913	152,439	416,315	Change 2020-2025	18.65%	19.41%	19.57%
2025 Population	15,700	160,412	439,931	<b>MEDIAN HOUSEHOLD INCOME</b>			
Change 2000-2010	17.42%	0.17%	2.13%	2020	\$50,565	\$44,717	\$52,552
Change 2010-2020	14.59%	10.25%	11.67%	2025	\$62,788	\$54,127	\$64,418
Change 2020-2025	5.28%	5.23%	5.67%	Change 2020-2025	24.17%	21.04%	22.58%
<b>POPULATION 65+</b>				<b>PER CAPITA INCOME</b>			
2010 Population	1,320	13,505	33,841	2020	\$31,570	\$25,793	\$35,578
2020 Population	1,698	19,981	51,633	2025	\$37,218	\$30,850	\$42,766
2025 Population	1,948	23,232	60,935	Change 2020-2025	17.89%	19.60%	20.20%
Change 2010-2020	28.64%	47.95%	52.58%	<b>2020 HOUSEHOLDS BY INCOME</b>			
Change 2020-2025	14.72%	16.27%	18.02%	<\$15,000	23.5%	18.7%	15.9%
<b>NUMBER OF HOUSEHOLDS</b>				\$15,000-\$24,999	9.7%	12.8%	11.1%
2000 Households	3,608	45,026	128,911	\$25,000-\$34,999	4.6%	10.4%	9.6%
2010 Households	3,597	48,409	139,817	\$35,000-\$49,999	11.8%	13.0%	11.5%
2020 Households	4,140	54,241	159,233	\$50,000-\$74,999	16.4%	15.8%	15.5%
2025 Households	4,359	57,197	169,358	\$75,000-\$99,999	9.4%	9.2%	9.5%
Change 2000-2010	(0.30%)	7.51%	8.46%	\$100,000-\$149,999	14.4%	11.2%	12.1%
Change 2010-2020	15.10%	12.05%	13.89%	\$150,000-\$199,999	5.1%	4.4%	5.4%
Change 2020-2025	5.29%	5.45%	6.36%	\$200,000 or greater	5.2%	4.6%	9.5%
<b>HOUSING UNITS (2020)</b>				<b>MEDIAN HOME VALUE</b>			
Owner Occupied	2,021	22,745	64,634	\$172,038	\$120,994	\$143,938	
Renter Occupied	2,073	31,425	94,401	<b>AVERAGE HOME VALUE</b>			
<b>HOUSING UNITS BY YEAR BUILT</b>				\$209,976	\$192,270	\$287,665	
Built 2010 or later	170	3,467	13,288	<b>HOUSING UNITS BY UNITS IN STRUCTURE</b>			
Built 2000 to 2009	341	9,027	25,459	1, detached	2,976	28,555	70,356
Built 1990 to 1999	73	3,392	14,442	1, attached	56	2,960	10,929
Built 1980 to 1989	101	2,500	11,859	2	42	2,242	5,453
Built 1970 to 1979	514	3,748	13,817	3 or 4	138	2,433	7,268
Built 1960 to 1969	387	5,480	17,602	5 to 9	218	3,307	8,825
Built 1950 to 1959	1,471	11,167	25,575	10 to 19	115	3,234	11,762
Built 1940 to 1949	825	8,131	17,114	20 to 49	178	2,746	9,278
Built 1939 or earlier	258	7,328	20,077	50 or more	369	8,276	34,399
				Mobile home	1	369	699
				Boat, RV, van, etc.	0	48	67

Source: Pitney Bowes/Gadberry Group - GroundView®



## Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). The subject property is located in the Houston Independent School District. GreatSchools.org is an on-line tool that rates every school on a scale of one to ten based on test scores. They also track parents rating of the school on a one to five scale. The following chart details the ratings of schools nearest to the subject.

CONTINUED

DAL210584

SCHOOL DISTRICTS						
SCHOOL DISTRICT	NUMBER OF SCHOOLS					
	ELEMENTARY	MIDDLE	HIGH	PUBLIC	CHARTER	TOTAL
Houston Independent School District	181	65	54	267	16	283
Cypress-Fairbanks Independent School District	56	20	14	88	0	88
Aldine Independent School District	36	24	16	78	0	78
Spring Branch Independent School District	30	14	10	48	2	50
Spring Independent School District	26	8	6	39	0	39
Sheldon Independent School District	5	3	3	12	0	12
Harris County Dept Of Education	2	4	4	4	0	4

HIGH SCHOOLS								
HIGH SCHOOLS	GREATSCHOOLS RATING	PARENT RATING	SCHOOL TYPE	GRADES SERVED	DISTANCE FROM SBJ.	CITY LOCATION	TOTAL ENROLLMENT	
Yates High School	1	3	public	9-12	1.12 miles	Houston	814	
Austin High School	2	3	public	9-12	1.61 miles	Houston	1,845	
Early College Academy At Southridge	10	5	public	9-12	1.80 miles	Houston	417	
Eastwood Academy	10	3	public	9-12	1.90 miles	Houston	427	
Energy Institute High School	5	4	public	9-12	2.00 miles	Houston	706	
DeBakey High School For Health Prof	10	4	public	9-12	2.02 miles	Houston	890	
Young Women's College Prep Academy	8	3	public	6-12	2.39 miles	Houston	513	
Houston Academy For International	8	4	public	9-12	2.47 miles	Houston	487	
Jones High School	6	3	public	9-12	2.49 miles	Houston	430	
Hcc Life Skills Program	-	-	public	12	2.75 miles	Houston	53	

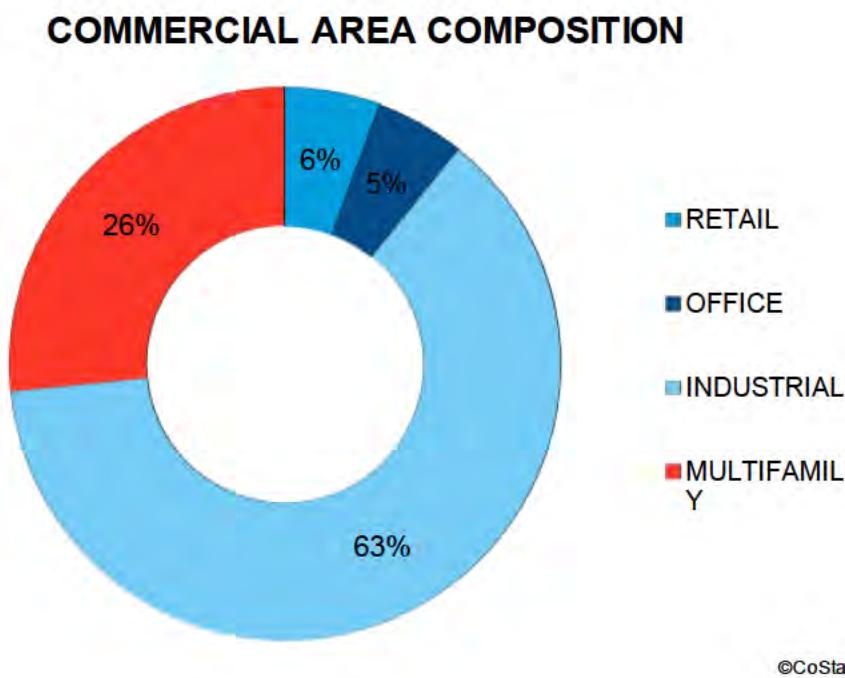
Source: GreatSchools.org

## IMMEDIATE AREA PROFILE

This section discusses uses and development trends in the immediate area that directly impact the performance and appeal of the subject property.

### Predominant Land Uses

Significant development in the immediate area consists of office, retail, industrial and mixed uses along major arterials that are interspersed with multi-family complexes and single-family residential development removed from arterials. The local area has a mix of commercial uses nearby and the composition is shown in the following graph.



## Multi-Family Development

The following chart shows a summary of multi-family data by type in the immediate area from CoStar.

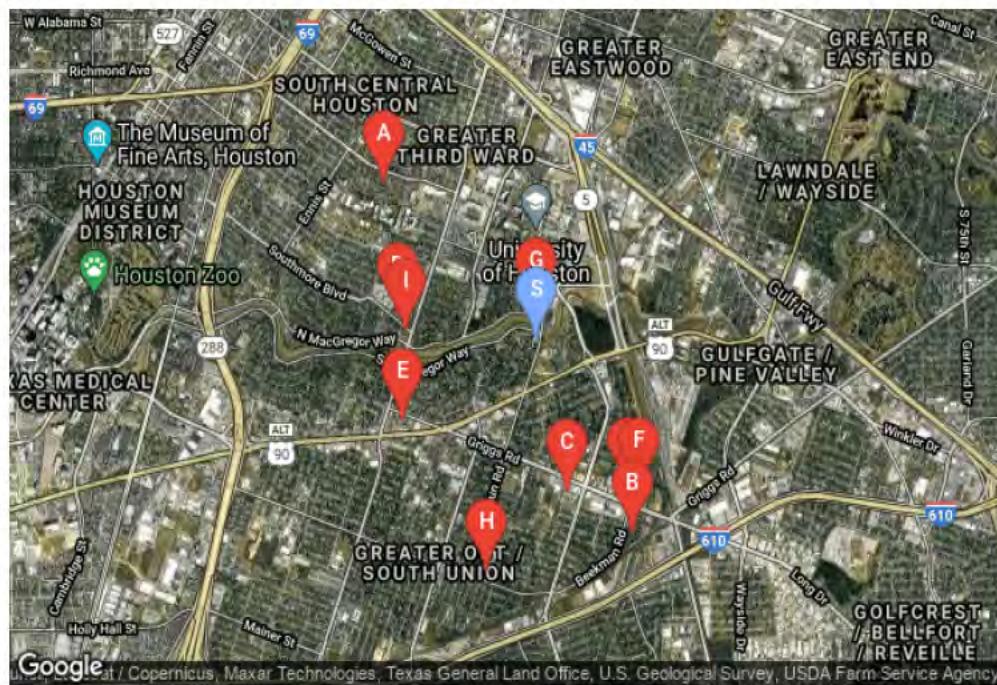
MULTIFAMILY SUMMARY			
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT
A	1	276,000	2016
B	11	727,413	1972
C	53	1,758,020	1959
<b>TOTAL</b>	<b>65</b>	<b>2,761,433</b>	<b>1962</b>

Source: CoStar

The largest three multi-family properties are at 3260 Truxillo Street, 5514 Griggs Road and 5110 Griggs Road with an NRA of 544,000 SF, 410,400 SF and 276,000 SF that were built in 1938, 2000 and 2016, respectively. The closest large multi-family property in proximity to the subject is at 4463 North Macgregor Way with an NRA of 96,144 SF that was built in 1959. The majority of properties were constructed before 2000. However, there have been several new student housing properties completed within the past seven years (including the subject). The following chart and map show the subject property and its location relative to the 10 largest multi-family properties in the immediate area from CoStar.

LARGEST MULTIFAMILY PROPERTIES						
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	STORIES	YEAR BUILT
Cuney Homes	1.4 Miles	A	C	544,000	2	1938
Metro 5514	1.3 Miles	B	B	410,400	3	2000
Village at Palm Center	1.0 Miles	C	A	276,000	4	2016
Nubia Square Apartments	0.9 Miles	D	C	140,000	2	1972
Spanish Village Apartments	1.0 Miles	E	C	111,680	2	1974
Royal Palms	1.1 Miles	F	C	106,300	2	1965
Beall Village	0.2 Miles	G	B	96,144	3	1959
Sir John	1.5 Miles	H	B	92,000	1	1955
Southmore Place	0.9 Miles	I	C	69,200	2	1965
Garden Oaks Apartments	1.1 Miles	J	B	67,144	2	1965

Source: CoStar



## Retail Development

The following chart shows a summary of retail data by type in the immediate area from CoStar.

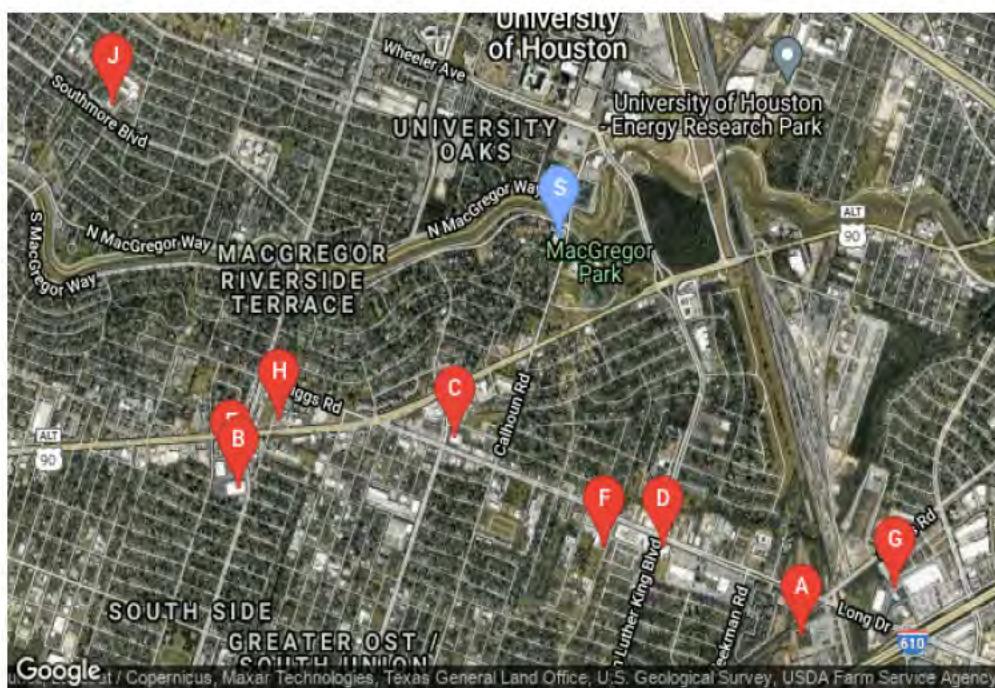
RETAIL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	Avg YR BLT	OCCUPANCY	Avg Rent
General Retail	111	582,575	1973	95.3	\$18.17
<b>TOTAL</b>	<b>111</b>	<b>582,575</b>	<b>1973</b>	<b>95.3</b>	<b>\$18.17</b>

Source: CoStar

The largest three retail properties are at 5600 Mykawa Road, 6120-6124 Scott Street and 4405-4519 Griggs Road with an NRA of 69,188 SF, 56,876 SF and 52,976 SF that were built in 1960, 1996 and 1952, respectively. The closest large retail property in proximity to the subject is at 4405-4519 Griggs Road. The majority of properties were constructed before 2000. The following chart and map show the subject property and its location relative to the 10 largest retail properties in the immediate area from CoStar.

LARGEST SHOPPING CENTERS							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	Avg Rent
Mykawa Shopping Center	1.5 Miles	A	Neighborhood Center	69,188	100.0	1960	N/Av
Renaissance Center	1.3 Miles	B	Neighborhood Center	56,876	64.6	1996	N/Av
Griggs Road Shopping Center	0.7 Miles	C	Neighborhood Center	52,976	100.0	1952	N/Av
Houston Texans YMCA	1.0 Miles	D	General Retail	35,887	100.0	2010	N/Av
Renaissance Center	1.3 Miles	E	Neighborhood Center	32,730	100.0	1996	N/Av
Griggs Road Shopping Center	1.0 Miles	F	Neighborhood Center	32,062	100.0	1979	N/Av
South Village Shopping Center	1.5 Miles	G	Strip Center	28,778	100.0	1981	N/Av
Retail Building	1.1 Miles	H	General Retail	28,065	100.0	1950	N/Av
Griggs Road Shopping Center	1.0 Miles	I	Neighborhood Center	28,038	100.0	1979	N/Av
Retail Building	1.5 Miles	J	General Retail	27,162	100.0	1940	N/Av

Source: CoStar



## Office Development

The following chart shows a summary of office data by class in the immediate area from CoStar.

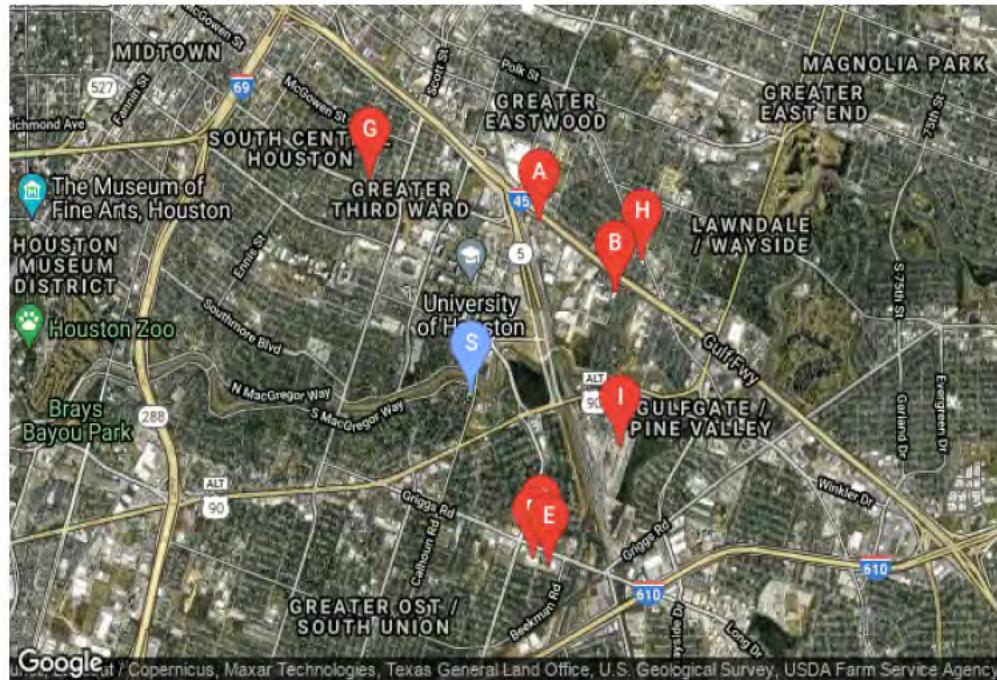
OFFICE SUMMARY					
CLASS	PROPERTIES	NRA (SF)	Avg Yr Blt	OCCUPANCY	Avg Rent
A	0	0	-	-	-
B	13	288,727	1988	87.0	\$23.00
C	29	254,459	1958	96.0	-
<b>TOTAL</b>	<b>42</b>	<b>543,186</b>	<b>1968</b>	<b>93.2</b>	<b>\$23.00</b>

Source: CoStar

The largest three office properties are at 4600 Gulf Freeway, 5000 Gulf Freeway and 5210-5280 Griggs Road with an NRA of 72,683 SF, 68,800 SF and 50,000 SF that were built in 1979, 2000 and 1953, respectively. The closest large office property in proximity to the subject is at 3100 Produce Row with an NRA of 26,349 SF that was built in 1979. The majority of properties were constructed before 2000. The following chart and map show the subject property and its location relative to the 10 largest office properties in the immediate area from CoStar.

LARGEST OFFICE BUILDINGS							
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	% LEASED	YEAR BUILT	Avg Rent
Planned Parenthood Gulf Coast	1.1 Miles	A	B	72,683	100.0	1979	N/Av
University Business Park	1.1 Miles	B	B	68,800	100.0	2000	N/Av
Business & Technology Center	1.1 Miles	C	C	50,000	84.0	1953	N/Av
Business & Technology Center	1.1 Miles	D	C	30,000	100.0	1953	N/Av
Business & Technology Center	1.2 Miles	E	C	30,000	100.0	1960	N/Av
University Business Park	1.1 Miles	F	C	28,220	100.0	2000	N/Av
F.U.U.S.A. Building	1.5 Miles	G	B	27,000	78.2	2005	\$29.00
Office Building	1.4 Miles	H	C	26,865	100.0	1992	N/Av
Houston Produce Center	1.0 Miles	I	B	26,349	100.0	1979	N/Av
University Business Park	1.1 Miles	J	B	25,963	100.0	2000	N/Av

Source: CoStar



## Industrial Development

The following chart shows a summary of industrial data by type in the immediate area from CoStar.

INDUSTRIAL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	Avg Yr Blt	OCCUPANCY	Avg Rent
Industrial	171	6,278,043	1969	97.9	\$3.48
Flex	21	235,327	1966	94.8	\$8.88
<b>TOTAL</b>	<b>192</b>	<b>6,513,370</b>	<b>1969</b>	<b>97.5</b>	<b>\$4.07</b>

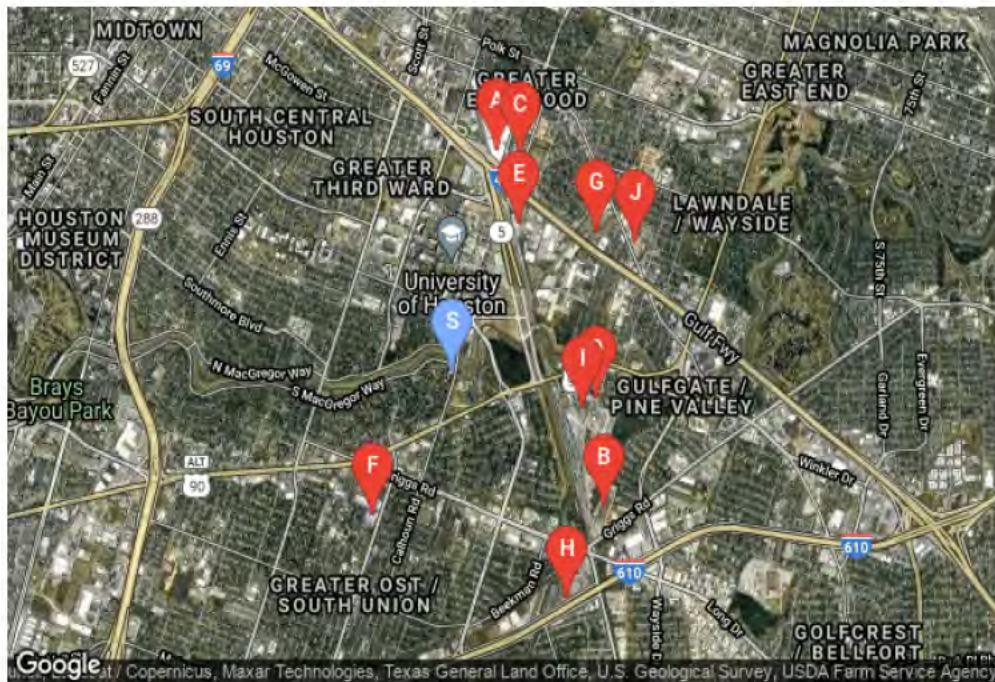
Source: CoStar

The largest three industrial properties are at 2000 Ernestine Street, 5901 Griggs Road and 300 South Lockwood Drive with an NRA of 927,000 SF, 330,025 SF and 263,378 SF that were built in 1970, 1958 and 1967, respectively. The closest large industrial property in proximity to the subject is at 3200 Produce Row with an NRA of 159,181 SF that was built in 1954. All of the properties were constructed before 2000. The following chart and map show the subject property and its location relative to the 10 largest industrial properties in the immediate area from CoStar.

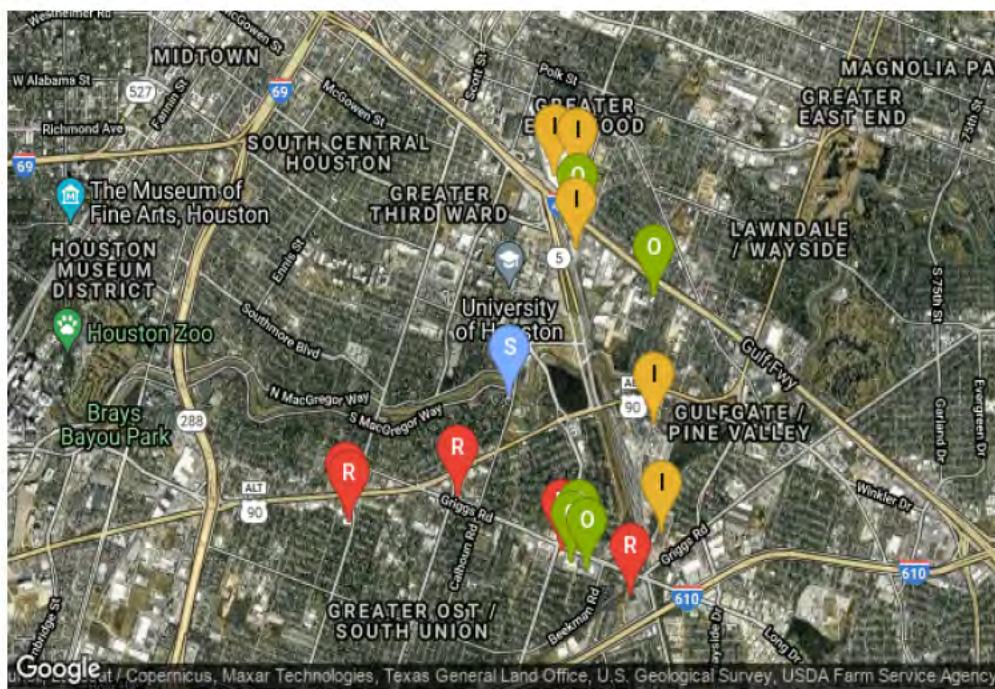
## LARGEST INDUSTRIAL PROPERTIES

NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	Avg Rent
Industrial Building	1.4 Miles	A	Industrial	927,000	100.0	1970	N/Av
Industrial Building	1.3 Miles	B	Industrial	330,025	100.0	1958	N/Av
Industrial Building	1.4 Miles	C	Industrial	263,378	100.0	1967	N/Av
Houston Produce Center	1.0 Miles	D	Industrial	213,500	100.0	1955	N/Av
Industrial Building	1.0 Miles	E	Industrial	179,509	100.0	1952	N/Av
Bldg 1	1.0 Miles	F	Industrial	177,075	100.0	1953	N/Av
Gulf Freeway Business Center	1.3 Miles	G	Industrial	176,472	100.0	1980	N/Av
Southport Business Park	1.6 Miles	H	Industrial	159,706	94.7	1980	N/Av
Industrial Building	0.9 Miles	I	Industrial	159,181	100.0	1954	N/Av
Industrial Building	1.4 Miles	J	Industrial	114,950	100.0	1930	N/Av

Source: CoStar



The following map shows the subject property and the five largest retail, office, and industrial properties in the immediate area from CoStar.



## SUBJECT PROPERTY ANALYSIS

The following discussion draws context and analysis on how the subject property is influenced by the local and immediate areas.

### Subject Property Analysis

The uses adjacent to the property are noted below:

- › **North** - Brays Bayou/Jogging Trails
- › **South** - Single Family Development
- › **East** - Macgregor Park
- › **West** - Single Family Development

### Access

The subject site has a corner location with frontage on two arterials. Based on our field work, the subject's access is rated average compared to other properties with which it competes.

### Visibility

The subject is clearly visible in both directions along the fronting streets. The visibility of the property is not hampered by adjacent properties, trees or other obstructions. In comparison to competitive properties, the subject property has good visibility.

### Subject Conclusion

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall positive external influence for the subject, and is concluded to have an average position in context of competing properties.

## SUMMARY

In summary, the subject represents a homogeneous land use within the neighborhood near the campus of The University of Houston. The local area near and around the campus is conveniently accessible by several major traffic routes. The defined area represents a mature and established market. Development includes a complimentary mix of residential and commercial development, generally constructed within the past 5 to 60 years. The local area is currently in the stability phase of the life cycle with only a minimal amount of new development in recent years. The local area and the subject neighborhood should remain a desirable investment market in the foreseeable future with stable property values.

<b>General Description</b>	The subject site consists of one tax parcel. As noted below, the subject site has a total of 80,244 square feet (1.8421 AC) of land area. The area is estimated based on information from the provided Alta Survey. Going forward, our valuation analyses will utilize the usable site area. The following discussion summarizes the subject site size and characteristics.				
<b>Assessor Parcel</b>	1343850010001				
<b>Number Of Parcels</b>	1				
<b>Land Area</b>	<b>Acres</b>	<b>Square Feet</b>			
Primary Parcel	1.8421	80,244			
Unusable Land	0.00	0			
Excess Land	0.00	0			
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>			
<b>Total Land Area</b>	<b>1.8421</b>	<b>80,244</b>			
<b>Shape</b>	Irregular				
<b>Topography</b>	Level at street grade				
<b>Adjacent Use North</b>	Brays Bayou/Jogging Trails				
<b>Adjacent Use South</b>	Single Family Development				
<b>Adjacent Use East</b>	MacGregor Park				
<b>Adjacent Use West</b>	Single Family Development				
<b>Zoning</b>	None (N/A)				
<b>Drainage</b>	Assumed Adequate				
<b>Utilities</b>	All available to the site				

<b>Street Improvements</b>	<b>Street</b>	<b>Direction</b>	<b>No. Lanes</b>	<b>Street Type</b>	<b>Curbs</b>	<b>Sidewalks</b>	<b>Streetlights</b>	<b>Center Lane</b>	<b>Gutters</b>
					✓	✓	✓	✓	✓
South MacGregor Way	Secondary Street	two-way	two-lane	minor arterial	✓	✓	✓		
Calhoun Road	Secondary Street	two-way	two-lane	connector street	✓	✓	✓		
<b>Frontage</b>	The subject has approximately 270 feet of frontage along the south line of South MacGregor Way and 303 feet along the west line of Calhoun Road.								
<b>Accessibility</b>	<b>Average</b> - The subject is located less than 1.5 miles south of Interstate 45 and within 2 miles of Interstate 610. Access to the subject is offered through one curb cut along Calhoun Road and one curb cut along South MacGregor Way. Please note that construction recently began on the bridge along Calhoun Road that crosses Brays Bayou and provides the most direct and convenient route to the University of Houston campus. The construction period has blocked travel across the bridge and is scheduled to take 6 - 12 months, which subsequently has a significant negative impact on the subject property.								

<b>Exposure</b>	<b>Average</b> - The subject has adequate visibility and exposure along South MacGregor Way and Calhoun Road. The property is proximate to University of Houston (UH) and within walking distance to the campus.
<b>Seismic</b>	The subject is in a low risk zone.
<b>Flood Zone</b>	Zone X (Shaded). This is referenced by Community Number 480296, Panel Number 48201C0880M, dated January 06, 2017. Zone X (shaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Moderate risk areas within the 0.2-percent-annual-chance floodplain, areas of 1-percent-annual-chance flooding where average depths are less than 1 foot, areas of 1-percent-annual-chance flooding where the contributing drainage area is less than 1 square mile, and areas protected from the 1-percent-annual-chance flood by a levee. No BFEs or base flood depths are shown within these zones. (Zone X (shaded) is used on new and revised maps in place of Zone B.) Zone AE. This is referenced by Community Number 480296, Panel Number 48201C0880M, dated January 06, 2017. Zone AE is a High Risk Special Flood Hazard Area (SFHA). Special Flood Hazard Areas represent the area subject to inundation by 1-percent-annual chance flood. Structures located within the SFHA have a 26-percent chance of flooding during the life of a standard 30-year mortgage. Federal floodplain management regulations and mandatory flood insurance purchase requirements apply in these zones. Areas subject to inundation by the 1-percent-annual-chance flood event determined by detailed methods. BFEs are shown within these zones. (Zone AE is used on new and revised maps in place of Zones A1–A30.)
<b>Easements</b>	A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.
<b>Soils</b>	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

**Hazardous Waste**

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

**Conclusion**

Overall, the subject site is considered an adequate residential site in terms of its location, exposure, and access to employment, education and shopping centers/restaurants. All of these characteristics provide supporting uses for the subject site making it desirable for multifamily development. Overall there are no known factors that would limit the site's development according to its highest and best use.

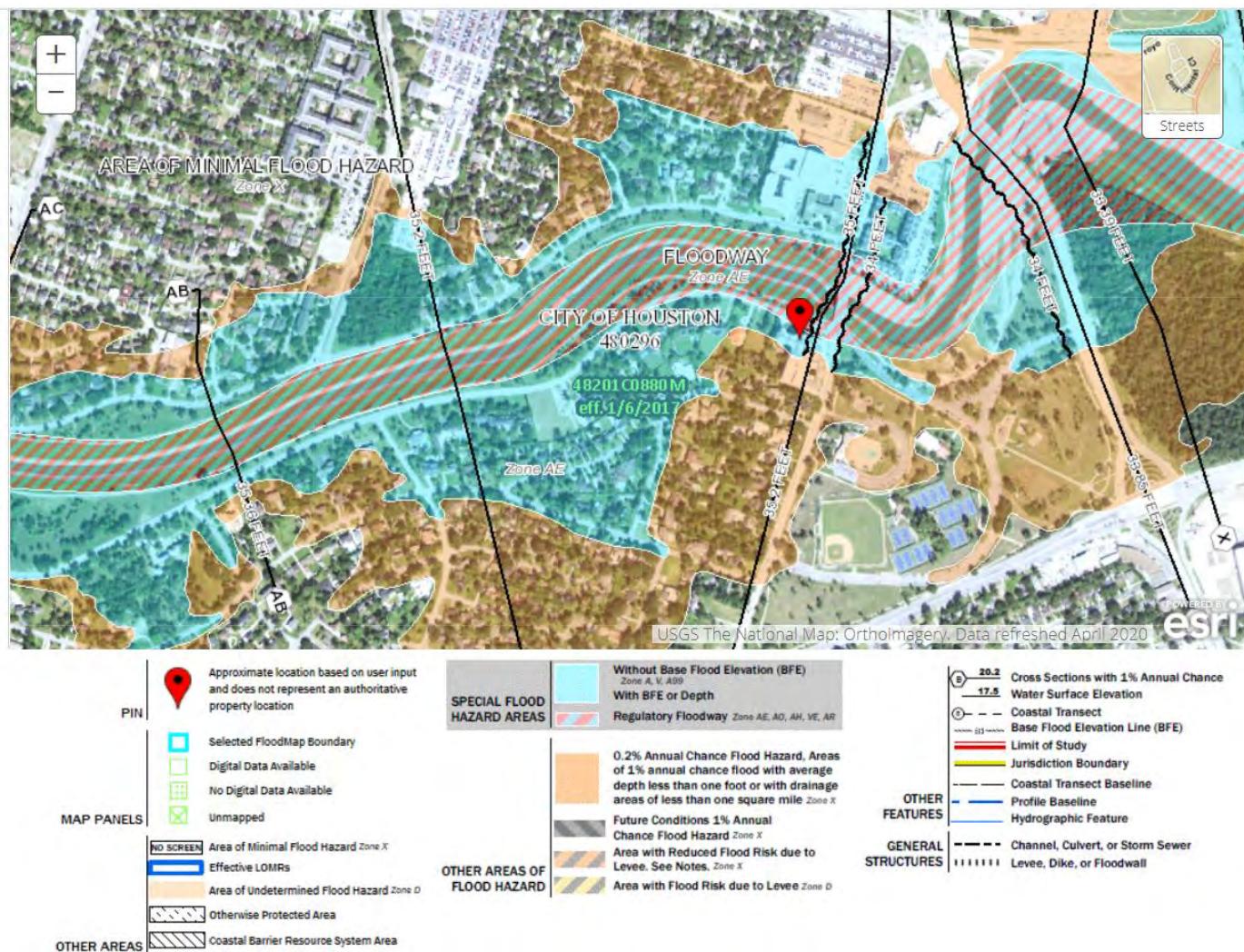
PLAT MAP



CONTINUED

DAL210584

## FLOOD MAP



**Introduction**

The information presented below is a basic description of the existing improvements. This information is used in the valuation of the property. Reliance has been placed upon information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

**Property Type** Multifamily - Student Apartment

**Number of Units** 115

**Number of Beds** 347

**Beds Per Unit Ratio** 3.02

**Average Unit Size** 1,049 SF

**Total Number of Buildings** 1

**Number of Stories** 5

**Development Density** 62.4 Units/Acre (115 Units / 1.84 Acres)

**Net Rentable Area (NRA)** 120,661 SF

**Gross Building Area (GBA)** 229,266 SF

**Parking Total** 290 (Garage)

Open Parking Spaces -

Covered Parking Spaces -

Detached Garage Spaces -

Parking Garage Spaces 290

Parking Comment Parking is adequate and is consistent with the other projects in the market

Parking Spaces/Unit 2.5

**Year Built** 2014

**Age/Life Analysis**

Actual Age 7 Years

Effective Age 5 Years

Economic Life 55 Years

Remaining Life 50 Years

**Quality** Average/Good

**Condition** Average/Good

**Marketability** Average

CONTINUED

DAL210584

UNIT MIX					
UNIT TYPES	NO. UNITS	NO. BEDS	% OF TOTAL	UNIT SIZE (SF)	NRA (SF)
Efficiency, WDP	5	5	4.3%	350	1,750
Efficiency, WDP	5	5	4.3%	358	1,790
1 Bed / 1 Bath, WDP	5	5	4.3%	488	2,440
1 Bed / 1 Bath, WDP	5	5	4.3%	501	2,505
2 Bed / 2 Bath, WDP	13	26	11.3%	794	10,322
2 Bed / 2 Bath, WDP	5	10	4.3%	853	4,265
2 Bed / 2 Bath, WDP	5	10	4.3%	945	4,725
2 Bed / 2 Bath, WDP	3	6	2.6%	937	2,811
3 Bed / 3 Bath, WDP	1	3	0.9%	1,060	1,060
2 Bed / 2 Bath, Dbl Occ, WDP	10	40	8.7%	1,082	10,820
4 Bed / 4 Bath, WDP	5	20	4.3%	1,336	6,680
4 Bed / 4 Bath, WDP	5	20	4.3%	1,460	7,300
4 Bed / 4 Bath, WDP	29	116	25.2%	1,244	36,076
4 Bed / 4 Bath, WDP	5	20	4.3%	1,219	6,095
4 Bed / 4 Bath, WDP	14	56	12.2%	1,573	22,022
<b>TOTAL/AVERAGE</b>	<b>115</b>	<b>347</b>	<b>100%</b>	<b>1,049</b>	<b>120,661</b>
<b>TOTAL NET RENTABLE AREA (NRA)</b>					<b>120,661</b>
Office / Clubhouse					3,929
Garage / Common Area					104,676
<b>TOTAL GROSS BUILDING AREA (GBA)</b>					<b>229,266</b>

WDP = washer/dryer provided

The unit sizes were provided by the subject manager and rent roll. Clubhouse and Parking Garage area based on information provided by the appraisal district

<b>Basic Construction</b>	Wood frame
<b>Foundation</b>	Reinforced concrete slab
<b>Framing</b>	Wood post and beam
<b>Exterior Walls</b>	Brick, Hardi board siding and stucco
<b>Roof Type</b>	Flat deck roof
<b>Roof Cover</b>	TPO Membrane Surface
<b>Insulation</b>	Exact type unknown, assumed adequate (R-type) and to code for both walls and ceilings.
<b>Plumbing</b>	Each bathroom includes a toilet, sink, and a shower/tub kit with wall-mounted showerhead. Kitchens include a sink, garbage disposal, and a dishwasher. All units have a full size washer/dryer provided.
<b>Air Conditioning</b>	Central HVAC
<b>Heating</b>	The units are heated with a forced-air heating system.
<b>Hot Water</b>	Each unit has an individual electric hot water heater.
<b>Lighting</b>	Each unit has adequate lighting (Fluorescent lights in the kitchen, incandescent lighting fixtures elsewhere).

<b>Electrical</b>	Each unit is separately metered, although the property covers all electric expenses up to \$25/month per resident.
<b>Interior Walls</b>	Painted and medium textured finish on gypsum board.
<b>Ceilings</b>	Painted and medium textured finish on gypsum board.
<b>Windows</b>	Windows are double pane vinyl sliders with horizontal mini-blinds.
<b>Doors</b>	Exterior doors are typically steel with peepholes. Interior doors are hollow, painted wood.
<b>Flooring</b>	Floor coverings for bath and kitchen areas are vinyl plank. Living areas are a mixture of vinyl plank or carpet. The bedrooms have wall-to-wall carpeting.
<b>Elevators</b>	Two elevators
<b>Project Amenities</b>	The subject's common amenities include an H2O water deck, club room, fitness center, study rooms, dog park, security access and parking garage.
<b>Unit Amenities</b>	Each unit features a complete stainless steel appliance package (including microwave oven), ceiling fans, walk-in closets, premium flooring and a washer/dryer provided. Units are furnished with a couch, chair, end table coffee table, entertainment stand and television. Bedrooms are equipped with a bed, dresser, desk and chair. Patios/balconies are included in some of the units.
<b>Appliances</b>	Each unit is equipped with a standard stainless steel appliance package consisting of an electric oven/range combination, dishwasher, microwave oven and refrigerator/freezer.
<b>Laundry</b>	Washer/dryer provided in all units.
<b>Countertops</b>	The subject's units contain granite countertops.
<b>Cabinets</b>	Typical wood cabinetry
<b>Security</b>	Each unit is sprinklered and includes a fire/smoke detector and dead bolt.
<b>Fire Protection</b>	The subject has a fire sprinkler system and smoke alarms.
<b>Landscaping</b>	The subject has a typical amount of landscaping. There are mature plantings surrounding the property. Plantings throughout the property include trees, flowers, mowed lawn, shrubs and hedges. There is a sprinkler system.
<b>Deferred Maintenance</b>	Deferred maintenance is measured as the cost of repairing or restoring the item to new or reasonably new condition. According to the Property Condition Assessment (PCA) Report prepared by f3, Inc. and dated May 27, 2021, there are several deferred maintenance items. First of all, the access gate to the parking garage needs to be repaired and returned to service. The damaged concrete joint sealant needs to be removed and replaced to prevent further storm water intrusion into to parking garage. Select areas of the flat roofs are damaged and need to be inspected and repaired as needed by a licensed roofing contractor. The common breezeways and corridors were damaged by frozen burst pipes during the Winter Storm in February 2021. The microbial growth in the breezeways and corridors needs to be remediated and the walls/ceilings need to be repaired / repainted as needed. In addition, there are four "down" units (119, 225, 416 and 516) with water

damage and mold contamination from frozen burst pipes during the previously mentioned Winter Storm. These units need to be cleaned and renovated in order to return to rent ready condition. Lastly, the parking stall and fire lane markings need to be restriped in the parking garage. The total cost to repair all of the deferred maintenance items equates to \$482,450. We have deducted this amount from each of the valuation method conclusions in this appraisal report.

**Hazardous Materials**

This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) asbestos. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

**ADA Compliance**

This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

**Conclusion**

The subject improvements are in average condition for their age and for the surrounding neighborhood. The interiors have Class A standard finish, similar to most other properties in the immediate area. The roofs are reportedly in adequate condition with no roof leaks reported. The property has an attractive design and average curb appeal.

## INTRODUCTION

Ad valorem real estate taxes are based on the assessed value of real property, hence, the term ad valorem (according to value). For the subject property, the assessed value is calculated at 100.0% of the market value, as estimated by Harris County. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES						
Tax Year	2021			Tax Rate	2.514396	
Tax Rate Area	Harris County			Taxes Current	Yes	
APN	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
1343850010001	\$4,021,450	\$32,091,581	\$36,113,031	\$0	\$36,113,031	\$908,025
<b>Totals</b>	<b>\$4,021,450</b>	<b>\$32,091,581</b>	<b>\$36,113,031</b>	<b>\$0</b>	<b>\$36,113,031</b>	<b>\$908,025</b>
<b>Total/Unit</b>	<b>\$34,969</b>	<b>\$279,057</b>	<b>\$314,026</b>	<b>\$0</b>	<b>\$314,026</b>	<b>\$7,896</b>
<b>Total/SF (NRA)</b>	<b>\$33.33</b>	<b>\$265.96</b>	<b>\$299.29</b>	<b>\$0.00</b>	<b>\$299.29</b>	<b>\$7.53</b>
<b>Total Base Tax</b>						<b>\$908,025</b>
<b>Total Base Tax Per Unit</b>						<b>\$7,896</b>
<b>Total Base Tax Per SF (NRA)</b>						<b>\$7.53</b>

Source: Harris County Assessment & Taxation

The subject's historical tax assessment trend is detailed in the chart below:

SUBJECT HISTORICAL TAX ANALYSIS		
TAX YEAR	TAXABLE	% Δ
2017	\$27,000,000	-
2018	\$31,016,116	15%
2019	\$31,564,230	2%
2020	\$36,593,609	16%
2021	\$36,113,031	-1%
<b>Appraiser's Projection</b>	<b>\$18,800,000</b>	<b>-47.9%</b>

Source: Harris Assessment & Taxation

The total taxable value for the subject property is \$36,113,031, which equates to \$314,026/Unit and \$104,072/Bed. There are no exemptions in place. Total taxes for the property are \$908,025 or \$7,896/Unit and \$2,617/Bed.

In Texas, the amount of tax is determined by the product of the tax rate and the assessed valuation of the property. The tax rate is set each year by the governing bodies of local taxing entities such as county commissioners, school boards, cities and special districts, usually in October. It includes multiple individual charges for flood, schools, hospitals, utilities, and general city and county levies. The assessed valuation of each piece of property is set by the county assessor according to state statutory guidelines. The subject property is not encumbered by bonds.

The State of Texas is a non-disclosure state, meaning that the sales price of a property does not have to be revealed to the public. Therefore, property taxes are not automatically increased to the sales price of the property. Additionally, the Texas Constitution requires that taxation of properties must be "equal and uniform." Therefore, the assessment for a property must be similar to comparable properties in the area.

CONTINUED

DAL210584

**TAX COMPARABLES**

To determine if the assessment and taxes on the subject property are reasonable, we considered historical information, as well as information from similar properties in the market. They are illustrated in the table below.

TAX COMPARABLES								
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	LOW	HIGH	AVG
Property Name	Vue on MacGregor	Campus Vue	The Icon	Tower 5040	The Proper	-	-	-
Address	4460 South MacGregor Way	4459 North MacGregor Way	3509 Elgin Street	5040 Calhoun Road	4971 Martin Luther King Jr., Boulevard	-	-	-
City, State	Houston, TX	Houston, TX	Houston, TX	Houston, TX	Houston, TX	-	-	-
Year Built	2014	2020	2017	2020	2016	2017	2020	2019
Units	115	145	130	147	235	130	235	164
Beds	347	465	380	291	535	291	535	418
NRA	120,661	159,103	129,425	108,660	243,690	108,660	159,103	160,220
Avg. Unit Size	1049	1097	996	739	1037	739	1,097	967
<b>Taxable \$</b>	\$36,113,031	\$47,618,469	\$35,760,719	\$44,791,955	\$66,910,682	\$35,760,719	\$66,910,682	\$48,770,456
<b>Taxable \$/Unit</b>	\$314,026	\$328,403	\$275,082	\$304,707	\$284,726	\$275,082	\$328,403	\$298,230
<b>Taxable \$/Bed</b>	\$104,072	\$102,405	\$94,107	\$153,924	\$125,067	\$94,107	\$153,924	\$118,876
<b>Taxable \$/SF</b>	\$299.29	\$299.29	\$276.30	\$412.22	\$274.57	\$274.57	\$412.22	\$315.60

**CONCLUSION**

All the tax comparables are located in the vicinity of the subject and are considered direct competitors. Please note that we did not include Comparable Rent 2 due to the fact that this property is owned and operated by the University of Houston and has a tax exemption in place. The subject's 2021 assessment was slightly decreased from the previous year, and appears in-line with the other nearby student housing properties. However, the current assessed value appears to be extremely high in relation to the appraised value in this report. Overall, we have projected a stabilized assessment that falls well below the current amount and below the comparable range on a per unit and per bed basis. Our projected stabilized assessment is deemed to be reasonable and similar to our As Stabilized market value estimate. Based on an analysis of the historical and comparable data, we conclude the subject's annual stabilized tax burden (based on current tax rates) is estimated as follows:

ESTIMATED STABILIZED TAXES	
Estimated Stabilized Assessment	\$18,800,000
Estimated Stabilized Assessment/Unit	\$163,478
Estimated Stabilized Assessment/Bed	\$54,179
Estimated Stabilized Assessment/SF	\$155.81
Current Tax Rate / \$100	2.514396
<b>Stabilized Taxes Estimate (rounded)</b>	<b>\$472,706</b>
<b>Stabilized Taxes/Bed</b>	<b>\$1,362</b>
<b>Stabilized Taxes/SF of NRA</b>	<b>\$3.92</b>

## INTRODUCTION

Zoning requirements typically establish permitted and prohibited uses, building height, lot coverage, setbacks, parking and other factors that control the size and location of improvements on a site. The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Houston Planning & Zoning Department
Current Zoning	None (N/A)
Permitted Uses	Multi-Family
Current Use	Multi-Family Apartments
Is Current Use Legally Permitted?	Yes

## ZONING CONCLUSIONS

The subject is located in the City of Houston, which has no formal zoning. According to the City of Houston's Planning Department, all developments require site plan approval and each building within a development is subject to its own building permit, in accordance with rules established under Chapter 42, the city's land development ordinance. The appraisers are aware that the City of Houston references that buildings are subject to the International Building Code and the International Fire Code, which are published by the International Code Council. Thus, the City of Houston does not directly impose density, height, setback, parking ratio requirements, etc; though these are accounted for in the International Building Code and/or Chapter 42. Given that the subject is occupied, we assume that the property is a legally conforming use with past site plan approval and building permits issued. The appraisers suggest retaining a compliance letter from the City of Houston for undisputable determination.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

## INTRODUCTION

The market analysis section provides a comprehensive study of supply/demand conditions, examines transaction trends, and interprets ground level information conveyed by market participants. Based on these findings and an analysis of the subject property, conclusions are drawn with regard to the subject's competitive position within the marketplace. Below is a list of the various sections covered in the following Apartment Market Analysis:

- › National Student Housing Market Analysis
- › Houston-The Woodlands-Sugar Land Apartment Market
- › Braeswood Place/Astrodome/South Union Apartment Submarket
- › Competitive Dataset Analysis
- › Broker / Market Participant Interviews
- › Transaction Trends
- › Subject Property Analysis

## INTRODUCTION TO STUDENT HOUSING

The market analysis section provides a comprehensive study of supply/demand conditions, examines transaction trends, and interprets ground level information conveyed by market participants. Based on these findings and an analysis of the subject property, conclusions are drawn with regard to the subject's competitive position within the marketplace.

**The subject is a student housing property that rents by the bed.** Though falling within the more broadly-based category of multi-housing, the facility's specific design attributes, including small bedrooms in the rental units themselves and abundant common, social gathering spaces, as well as the unit and complex amenity characteristics, reveal its original design and development for serving a student population, as opposed to a standard rental population. Therefore, it is appropriate to examine those factors contributing to the student housing market, and the trends within that market.

CONTINUED

DAL210584

## NATIONAL STUDENT MARKET ANALYSIS

Nationally, enrollment growth is the most important trend driving student housing. According to the U.S. Department of Education, total national enrollments at degree-granting institutions steadily increased during the period between 1990 and 2017, from 13.9 to 19.8 million students. This represents an overall increase of 42% during that time period and an average annual increase of approximately 1.3%. The U.S. Department of Education projects higher institution enrollment will increase to 20.1 million by 2029, which represents a decreasing annual growth rate of 0.15%.

**Table 303.10. Total fall enrollment in degree-granting postsecondary institutions, by attendance status, sex of student, and control of institution: Selected years, 1947 through 2029**

Year	Total enrollment	Attendance status			Sex of student			Public	Control of institution		
		Full-time	Part-time	Percent part-time	Male	Female	Percent female		Total	Nonprofit	For-profit
1	2	3	4	5	6	7	8	9	10	11	12
2015	19,988,204	12,287,512	7,700,692	38.5	8,723,819	11,264,385	56.4	14,572,843	5,415,361	4,065,891	1,349,470
2016	19,846,904	12,125,314	7,721,590	38.9	8,638,422	11,208,482	56.5	14,585,840	5,261,064	4,078,956	1,182,108
2017	19,778,151	12,076,141	7,702,010	38.9	8,571,314	11,206,837	56.7	14,571,739	5,206,412	4,108,489	1,097,923
2018	19,645,918	11,991,721	7,654,197	39.0	8,442,662	11,203,256	57.0	14,529,264	5,116,654	4,134,244	982,410
2019\5\	19,720,000	12,025,000	7,695,000	39.0	8,470,000	11,250,000	57.0	14,586,000	5,135,000	---	---
2020\5\	19,744,000	12,022,000	7,722,000	39.1	8,476,000	11,268,000	57.1	14,605,000	5,139,000	---	---
2021\5\	19,778,000	12,021,000	7,757,000	39.2	8,487,000	11,292,000	57.1	14,633,000	5,145,000	---	---
2022\5\	19,813,000	12,027,000	7,786,000	39.3	8,498,000	11,315,000	57.1	14,661,000	5,152,000	---	---
2023\5\	19,862,000	12,045,000	7,817,000	39.4	8,515,000	11,346,000	57.1	14,698,000	5,163,000	---	---
2024\5\	19,926,000	12,078,000	7,848,000	39.4	8,544,000	11,382,000	57.1	14,747,000	5,179,000	---	---
2025\5\	19,993,000	12,120,000	7,873,000	39.4	8,574,000	11,419,000	57.1	14,796,000	5,197,000	---	---
2026\5\	20,070,000	12,165,000	7,905,000	39.4	8,608,000	11,463,000	57.1	14,854,000	5,217,000	---	---
2027\5\	20,099,000	12,169,000	7,930,000	39.5	8,621,000	11,478,000	57.1	14,877,000	5,222,000	---	---
2028\5\	20,110,000	12,159,000	7,951,000	39.5	8,627,000	11,483,000	57.1	14,887,000	5,223,000	---	---
2029\5\	20,115,000	12,144,000	7,971,000	39.6	8,630,000	11,485,000	57.1	14,893,000	5,222,000	---	---

--Not available.

\1Degree-credit enrollment only.

\2Includes part-time resident students and all extension students (students attending courses at sites separate from the primary reporting campus). In later years, part-time student enrollment was collected as a distinct category.

\3Large increases are due to the addition of schools accredited by the Accrediting Commission of Career Schools and Colleges of Technology.

\4Because of imputation techniques, data are not consistent with figures for other years.

\5Projected.

NOTE: Data through 1995 are for institutions of higher education, while later data are for degree-granting institutions. Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs. The degree-granting classification is very similar to the earlier higher education classification, but it includes more 2-year colleges and excludes a few higher education institutions that did not grant degrees. Some data have been revised from previously published figures.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *Biennial Survey of Education in the United States; Opening Fall Enrollment in Higher Education*, 1963 through 1965; Higher Education General Information Survey (HEGIS), "Fall Enrollment in Colleges and Universities" surveys, 1966 through 1985; Integrated Postsecondary Education Data System (IPEDS), "Fall Enrollment Survey" (IPEDS-EF:86-99); IPEDS Spring 2001 through Spring 2019, Fall Enrollment component; and Enrollment in Degree-Granting Institutions Projection Model, 2000 through 2029. (This table was prepared December 2019.)

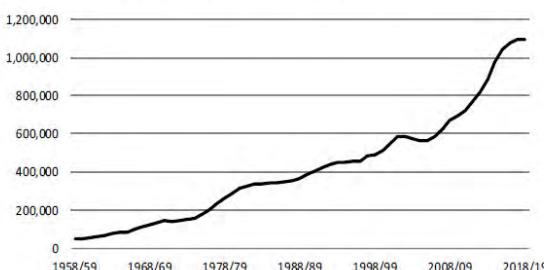
Though still below 10% of total U.S. enrollment, the number of international students is growing, contributing to the evolving student population. This shift in demographics has the potential to impact the demand for purpose-built student housing. The international student data included is from the Institute of International Education and indicates the international student population is growing across the United States, but is primarily concentrated in two states: California and New York. According to the Institute of International Education, the number of international students in the U.S. reached the one million mark during the 2015-16 school year, when it represented 5.2% of total U.S. enrollment. International enrollment grew by nearly 69,000 students that year, well above the historical average of 25,000 students. While the growth rate for international students has slowed since then, the percentage of international students within higher education has actually ticked up slightly to 5.5%.

CONTINUED

DAL210584

## INTERNATIONAL STUDENT TRENDS

In 2018/19, the total number of international students in the United States increased by 0.05% to 1,095,299 students.



## TOP U.S. STATES HOSTING INTERNATIONAL STUDENTS

		2017/18	2018/19	% change
1	California	161,942	161,693	-0.2
2	New York	121,260	124,277	2.5
3	Texas	84,348	81,893	-2.9
4	Massachusetts	68,192	71,098	4.3
5	Illinois	53,362	53,724	0.7
6	Pennsylvania	51,817	51,818	0.0
7	Florida	46,516	45,957	-1.2
8	Ohio	37,583	37,314	-0.7
9	Michigan	34,049	33,236	-2.4
10	Indiana	29,994	29,083	-3.0

Most international students seek prestigious schools located in diverse, culture-rich states with a variety of attractions such as California, New York, Texas, and Massachusetts. The influx of international students to the U.S. typically contributes to the increase in enrollment, the main driver of student housing.

## Undergraduate Enrollment

According to the Department of Education's December 2019 enrollment figures (most current available), total undergraduate enrollment in degree-granting postsecondary institutions is projected to be 16.7 million students in Fall 2020; an increase of 27 percent from 2000, when enrollment was 13.2 million students. Total enrollment growth was highest between 2000-2010, but decreased through 2018. It is projected to decrease through 2020 before gradually increasing again at a more stable pace through 2029.

Table 303.70. Total undergraduate fall enrollment in degree-granting postsecondary institutions, by attendance status, sex of student, and control and level of institution Selected years, 1970 through 2029

Level and year	Total	Full-time	Part-time	Males	Females	Males		Females		Public	Private		
						Full-time	Part-time	Full-time	Part-time		Total	Nonprofit	For-profit
1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Total, all levels</b>													
2010	18,082,427	11,457,040	6,625,387	7,836,282	10,246,145	5,118,975	2,717,307	6,338,065	3,908,080	13,703,000	4,379,427	2,652,993	1,726,434
2011	18,077,303	11,365,175	6,712,128	7,822,992	10,254,311	5,070,553	2,752,439	6,294,622	3,959,689	13,694,899	4,382,404	2,718,923	1,663,481
2012	17,735,638	11,097,092	6,638,546	7,714,938	10,020,700	4,984,389	2,730,549	6,112,703	3,907,997	13,478,100	4,257,538	2,744,400	1,513,138
2013	17,476,304	10,939,276	6,537,028	7,660,140	9,816,164	4,950,210	2,709,930	5,989,066	3,827,098	13,348,292	4,128,012	2,755,463	1,372,549
2014	17,294,136	10,784,392	6,509,744	7,586,299	9,707,837	4,877,531	2,708,768	5,906,861	3,800,976	13,244,533	4,049,603	2,772,065	1,277,538
2015	17,046,673	10,603,030	6,443,643	7,502,254	9,544,419	4,809,098	2,693,156	5,793,932	3,750,487	13,150,823	3,895,850	2,822,122	1,073,728
2016	16,874,649	10,430,068	6,444,581	7,416,859	9,457,790	4,725,510	2,691,349	5,704,558	3,753,232	13,143,979	3,730,670	2,813,742	916,928
2017	16,773,036	10,371,863	6,401,173	7,351,259	9,421,777	4,683,715	2,667,544	5,688,148	3,733,629	13,112,594	3,660,442	2,819,080	841,362
2018	16,610,235	10,267,135	6,343,100	7,225,999	9,384,236	4,602,752	2,623,247	5,664,383	3,719,853	13,049,326	3,560,909	2,821,653	739,256
2019\1	16,673,000	10,296,000	6,377,000	7,250,000	9,423,000	4,612,000	2,638,000	5,684,000	3,739,000	13,100,000	3,573,000	---	---
2020\1	16,692,000	10,293,000	6,399,000	7,254,000	9,438,000	4,608,000	2,646,000	5,685,000	3,753,000	13,118,000	3,575,000	---	---
2021\1	16,721,000	10,292,000	6,428,000	7,263,000	9,457,000	4,606,000	2,657,000	5,686,000	3,771,000	13,142,000	3,578,000	---	---
2022\1	16,750,000	10,297,000	6,452,000	7,273,000	9,477,000	4,606,000	2,667,000	5,692,000	3,785,000	13,167,000	3,582,000	---	---
2023\1	16,790,000	10,312,000	6,478,000	7,288,000	9,503,000	4,610,000	2,678,000	5,703,000	3,800,000	13,201,000	3,590,000	---	---
2024\1	16,845,000	10,341,000	6,504,000	7,312,000	9,533,000	4,622,000	2,690,000	5,718,000	3,814,000	13,244,000	3,600,000	---	---
2025\1	16,901,000	10,377,000	6,524,000	7,338,000	9,564,000	4,639,000	2,699,000	5,738,000	3,826,000	13,289,000	3,613,000	---	---
2026\1	16,967,000	10,415,000	6,551,000	7,367,000	9,600,000	4,656,000	2,711,000	5,760,000	3,841,000	13,340,000	3,626,000	---	---
2027\1	16,991,000	10,419,000	6,572,000	7,378,000	9,613,000	4,658,000	2,720,000	5,761,000	3,851,000	13,361,000	3,630,000	---	---
2028\1	16,999,000	10,410,000	6,589,000	7,383,000	9,616,000	4,656,000	2,727,000	5,755,000	3,862,000	13,370,000	3,629,000	---	---
2029\1	17,003,000	10,397,000	6,606,000	7,385,000	9,618,000	4,651,000	2,734,000	5,746,000	3,872,000	13,375,000	3,628,000	---	---

---Not available.

\1Projected.

\2Beginning in 1980, 2-year institutions include schools accredited by the Accrediting Commission of Career Schools and Colleges of Technology.

NOTE: Data through 1995 are for institutions of higher education, while later data are for degree-granting institutions. Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs. The degree-granting classification is very similar to the earlier higher education classification, but it includes more 2-year colleges and excludes a few higher education institutions that did not grant degrees. Some data have been revised from previously published figures.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Higher Education General Information Survey (HEGIS), "Fall Enrollment in Colleges and Universities" surveys, 1970 through 1985; Integrated Postsecondary Education Data System (PEDS), "Fall Enrollment Survey" (PEDS-EF-86-99); PEDS Spring 2001 through Spring 2019, Fall Enrollment component; and Enrollment in Degree-Granting Institutions Projection Model, 2000 through 2029. (This table was prepared December 2019.)

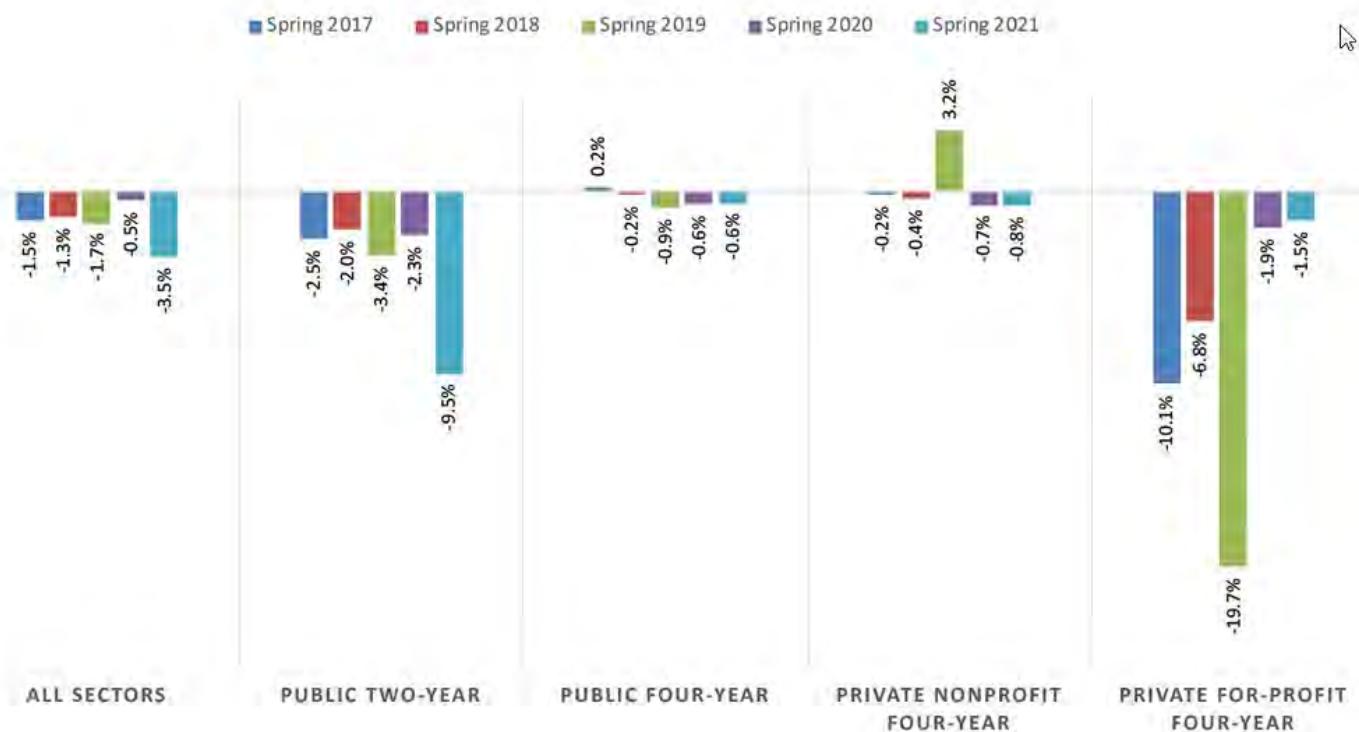
National trends will inevitably not play out in all markets, and enrollment patterns will vary by university as well as by the type of institution. For instance, the National Student Clearinghouse Research Center reports that four-year public institutions have seen increases in enrollment the past four years, four-year private not-for-profit institutions have experienced modest increases, and the four-year for-profit and two-year public sectors have seen significant decreases in enrollment.

CONTINUED

DAL210584

## COVID-19 Enrollment Impact

The National Student Clearinghouse Research Center presented a report dated June 10, 2021 which indicates a 3.5% annual decline in overall enrollment. This was driven by undergraduate declines of 4.9% (727,000 students) and partially offset by a 4.6% (124,000 students) increases in graduate enrollment. The declines in undergraduate enrollment were greatest at two-year community colleges. Public four-year colleges were nominally impacted as noted in the table below:



At the undergraduate level, community colleges exhibited the greatest losses followed by private, non-profit, four-year institutions. Public four-year institutions are faring much better, but there is a wider variance based on campus setting. City institutions are doing better than suburban and rural public four-year colleges. However, community colleges have declined universally, regardless of location.

Sector	Spring 2021		Spring 2020		Spring 2019	
	Enrollment	% Change from Previous Year	Enrollment	% Change from Previous Year	Enrollment	% Change from Previous Year
Total Enrollment (All Sectors)	16,855,301	-3.5%	17,458,306	-0.5%	17,542,109	-1.7%
Public 4-year	7,505,850	-0.6%	7,551,244	-0.6%	7,598,237	-0.9%
Private nonprofit 4-year	3,747,921	-0.8%	3,776,462	-0.7%	3,803,576	3.2%
Private for-profit 4-year	718,557	-1.5%	729,364	-1.9%	743,536	-19.7%
Public 2-year	4,521,046	-9.5%	4,997,043	-2.3%	5,114,013	-3.4%
<b>Unduplicated Student Headcount (All Sectors)</b>	<b>16,586,893</b>	<b>-3.5%</b>	<b>17,185,751</b>	<b>-0.4%</b>	<b>17,260,333</b>	<b>-1.4%</b>

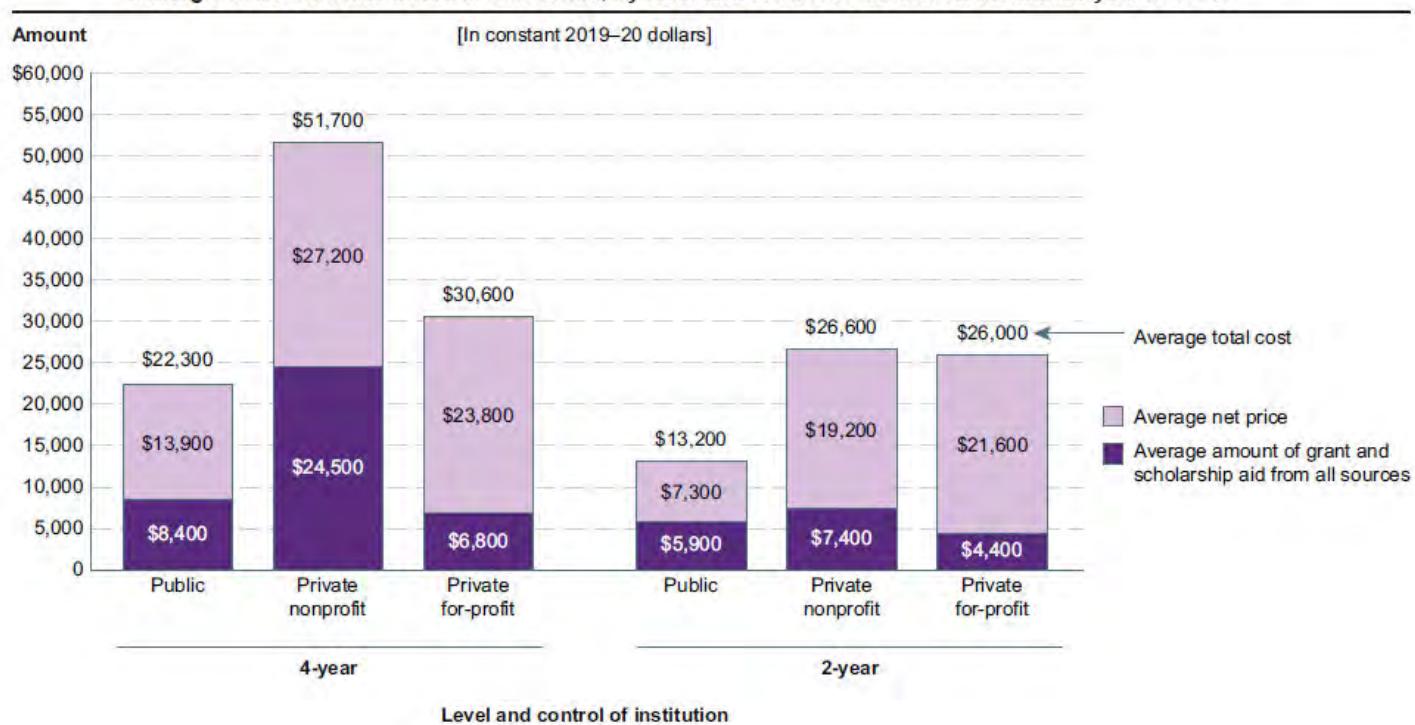
California led the nation in enrollment loss by headcount with a decrease of nearly 123,000 students. New Mexico declined the most by percentage by dropping 11.4%. Michigan placed in the top five states for both declining enrollment (-29,189) and percentage drop (-6.4%). Meanwhile, only seven states increased enrollments, with New Hampshire rising 10.8% or 18,153 students. Newly added this year, state-level spring enrollments are broken out by institution sector. See tables 8a and 8b in the report.

Traditional college-age students, 18 to 24, declined 5% or more than 524,000 students, including a steep loss of 13.2% or more than 365,000 students at community colleges. Adult students, 25 or older, show a 1.2% decline or nearly 75,000 students.

### Undergraduate Education Costs

According to the National Center for Education Statistic's May 2021 report, the average net price of attendance (total cost minus grant and scholarship aid) for first-time, full-time undergraduate students attending 4-year institutions was \$13,900 at public institutions, compared with \$27,200 at private nonprofit institutions and \$23,800 at private for-profit institutions (in constant 2019–2020 dollars).

**Figure 18. Average total cost, grant and scholarship aid, and net price for first-time, full-time degree/certificate-seeking undergraduate students awarded Title IV aid, by level and control of institution: Academic year 2018–19**



In 2018–19, total revenues at degree-granting postsecondary institutions in the United States were \$672 billion (in current dollars). Total revenues were \$416 billion at public institutions, \$242 billion at private nonprofit institutions, and \$14 billion at private for-profit institutions. The primary sources of revenue for degree-granting postsecondary institutions in 2018–19 were tuition and fees; investments; and government grants, contracts, and appropriations; and auxiliary enterprises. Public institutions received the largest proportion of their revenues from government sources (including federal, state, and local government grants, contracts, and appropriations), which constituted 41 percent of their overall revenues, while student tuition and fees constituted the largest primary source of revenue at private for-profit institutions (91 percent). At private nonprofit institutions, the category of all other revenue sources (including gifts, capital or private grants and contracts, hospital revenue, sales and services of educational activities, and other revenue) constituted 36 percent of overall revenues, and student tuition and fees constituted 32 percent of overall revenues.

In 2018–19, degree-granting postsecondary institutions in the United States spent \$632 billion (in current dollars). Total expenses were \$401 billion at public institutions, \$219 billion at private nonprofit institutions, and \$12 billion at private for-profit institutions. In 2018–19, instruction expenses per full-time-equivalent (FTE) student (in constant 2019–20 dollars) was the largest expense category at public institutions (\$11,010) and private nonprofit institutions (\$19,150). At private for-profit institutions, the combined category of academic support,

student services, and institutional support expenses was the largest category of expenses per FTE student (\$10,930).

A bullish sign for student housing is the reported increase in time required for students to graduate. According to the National Center for Education Statistics, "Between 2010 and 2018, the overall 6-year graduation rate for first-time, full-time undergraduate students who began seeking a bachelor's degree at 4-year degree-granting institutions increased by 4 percentage points, from 58 percent (for students who began their studies in 2004 and graduated within 6 years) to 62 percent (for students who began their studies in 2012 and graduated within 6 years)". This increase in length of college career leads to higher total enrollment at any given time. This, in turn, increases demand for student housing.

## Supply & Demand

Student housing development has been fairly consistent over the past nine years. About 40,000 to 50,000 student housing beds have delivered annually, excepting two peak years in 2013 and 2014. That consistency will again be on display in Fall 2021 when 42,000 new purpose-built off campus student housing beds are scheduled to deliver. Within the core 175 universities, 10 will see significant new supply of 1,000 or more beds this fall. Many of those universities have experienced a supply boom in recent years. Beyond the 11 schools with more than 1,000 new beds delivering, an additional dozen or so will see between 750 and 1,000 new beds in Fall 2021.

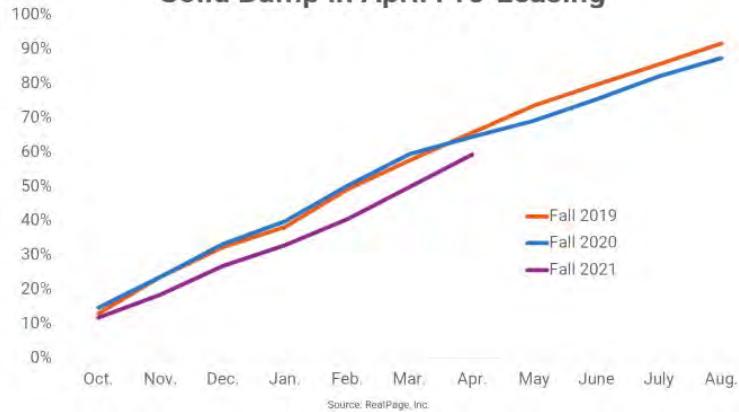
According to RealPage data from May 2021, Student housing Fall 2021 pre-leasing is been improving. April proved to be the strongest month so far, bringing significant improvement in several key metrics. As schools announce reopening plans for the Fall 2021 academic year with a heavier emphasis on in-person learning, students and their parents appear more confident in committing to a lease. As a result, pre-leasing jumped nearly 10% between March and April, and modest rent growth returned, in a much-needed boost to an otherwise sluggish season. As COVID-19 cases decrease and vaccines become more widely available, it seems possible that April could mark a turning point toward an improved leasing environment. Pre-leasing still significantly trails past years' rates, but if monthly gains continue at this pace, that might not be the case for much longer. After March 2020, pre-leasing for the Fall 2020 school year softened as college campuses closed and uncertainty loomed.

## Student Housing New Supply Leaders for 2021

Rank	School	New Beds 2021
1	University of Texas at Austin	2,173
2	Georgia State University	2,066
3	University of Illinois - Urbana-Champaign	1,730
4	University of Arizona	1,560
5	Saint Edward's University	1,535
6	Arizona State University	1,356
7	University of Arkansas	1,334
8	Georgia Institute of Technology	1,316
9	Rochester Institute Of Technology	1,281
10	University at Buffalo - State University of New York	1,230
11	Appalachian State University	1,014

Source: RealPage, Inc.

### Solid Bump in April Pre-Leasing



if monthly gains continue at this pace, that might not be the case for much longer. After March 2020, pre-leasing for the Fall 2020 school year softened as college campuses closed and uncertainty loomed.

In another positive sign, at least mild annual effective rent growth has returned across product at all distances from campus. After annual rent change hit 0% in March, rates ticked up 0.5% in April. Properties more than one mile from campus are seeing the strongest annual rent growth at 0.8%, followed by 0.6% growth in properties a half-mile to one mile from campus and 0.3% growth in properties within a half-mile of campus. Another positive performance metric can be seen with in-place occupancy, or the measure of how many students are physically occupying their leased beds. Starting in March 2020, in-place occupancy fell slightly every remaining month of the school year. For the Fall 2020 school year, the opposite has been true. In-place occupancy had ticked up every month since August.

### Student Demand

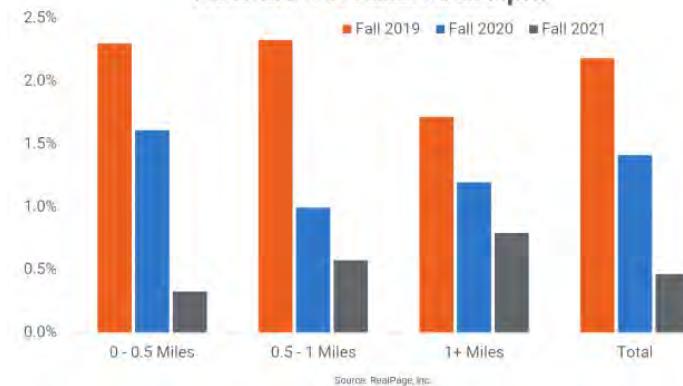
Off-campus housing trends have become more upscale; as students now look for amenities typically associated with apartment living that rarely exist in dorm environments. Proximity to campus is their first priority. Today's students want to be able to walk to their classrooms, to their nightlife, and, if applicable, to Greek housing. Another high priority—particularly for the parents—is safety. Parents want to know that their child is in a safe and secure environment. Students want to feel like they are getting good value for their dollar, and with many new student housing facilities, they are paying higher rents than they did for on-campus housing, so they have to feel that they are getting enough bang for their buck. High-speed internet access throughout a community is probably the most important amenity. Other important amenities would include fitness rooms, study rooms, and—particularly in southern climates—a swimming pool.

New developments with ample amenities and high-end finishes command much higher rents than older, existing housing stock. Looking at individual assets, properties located closer to campus continue to see stronger results.

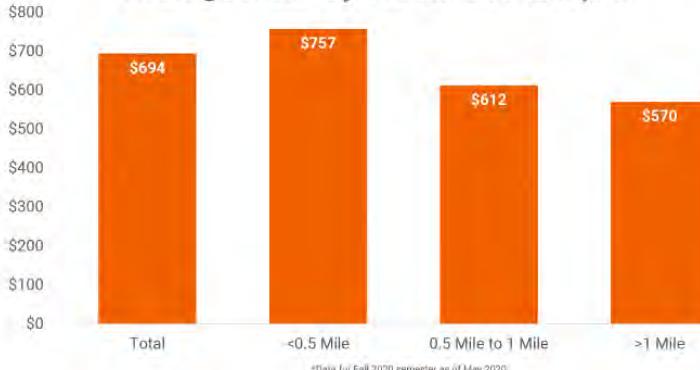
### Investment and Capital Markets

As with conventional multifamily transactions in 2020, student housing investment softened during the COVID-19 pandemic. However, investment activity is coming back to the sector. In total, some \$5.8 billion worth of assets traded in the year-ending March 2021, according to Real Capital Analytics. That was down about 9.2% annually. During the last year, the sales volume dipped as low as \$4.1 billion in September, but has been steadily climbing since

Rent Growth Returns in April



Average Rents by Distance to Campus



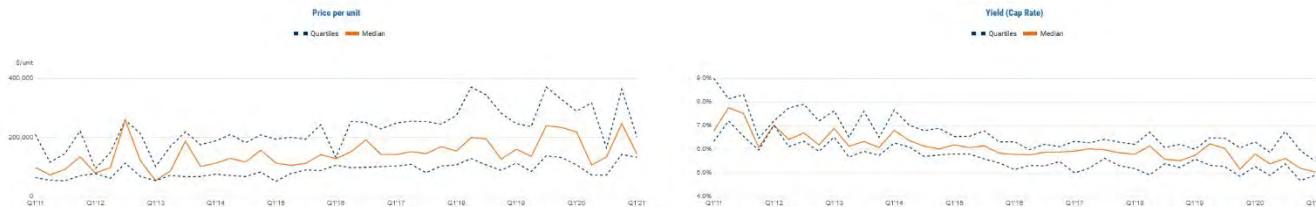
## Student Housing Investment Rebounding



The last few months of 2020 and the first few of 2021 showed an uptick in total investment volume, suggesting that investor appetite pulled back due to the pandemic rather than due to broader shifting sentiments. One year ago, in March 2020, student housing investment was at \$6.4 billion, roughly \$590 million over today's volume. In March 2019, the annual investment volume stood at more than \$11.2 billion, or nearly double March 2021's rate. The recent peak for student housing investment was in late 2018, which can be attributed to Greystar Real Estate Partner's \$4.6 billion acquisition of EdR. Once 12 months had passed from that prolific transaction, the sales volume moderated back to baseline.

In the year-ending March 2021, a little more than 33,800 beds traded, compared to about 29,300 in the previous year. That was the result of some 191 individual properties trading. Meanwhile, cap rates remain stubborn at 5.4%, down about 30 basis points year-over-year. Most purchases in the past year came from cross-border investors, and most dispositions came from institutional and/or equity funds, according to RCA data.

The following charts were provided by RealCapital Analytics and illustrate sales volume, pricing, and cap rate trends.



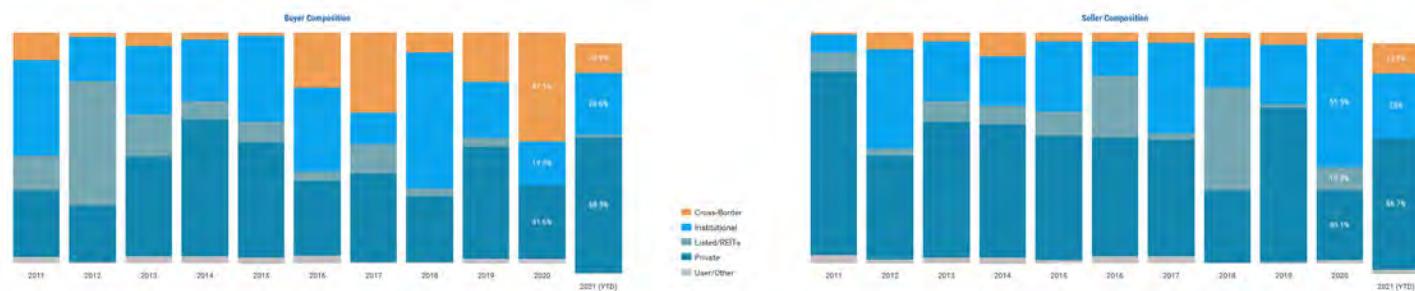
CONTINUED

DAL210584



Once an overlooked niche, the student housing sector is attracting increased attention from major investors, who see the sector as offering less rental growth volatility and a recession-resistant hedge to conventional apartments.

The prevalence of deeper pocketed capital chasing core and value-add student housing has benefitted the private market in terms of liquidity and stability over the long-run. Private buyers have become a larger percentage of the buyer pool as student housing evolved from a niche sector to an accepted institutional property sector over the past two decades. The chart presented below was provided by RealCapital Analytics and illustrates the source of local capital flows and investment activity.



The fundamentals of the student housing industry remain stable, and student housing product has become a mainstay in most real estate investment portfolios. The sector continues to enjoy a historically low interest rate environment and widely available financing. New supply could have impacts on cap rates in the medium term; however, current trends are still that of compression.

### National Student Housing Market Analysis Conclusions

The data seems to support overall improvement for student housing fundamentals – a trend that generally echoes broader, improving sentiment among Americans hopeful for a return to their pre-pandemic way of life. Reports continue to describe an increase in college applications as students anticipate a more normal campus life when classes resume in the Fall. That anticipation stems from announcements by several universities of a return of full capacity, in-person classes and by extension, extracurricular activities such as sporting events and social clubs for the Fall 2021 year.

Even before the spring figures, there were signs that the U.S. student housing market could be in for turnaround. RealPage research found that many of the nation's top performing campuses were among the first to announce fully on-campus learning. When schools broadcast a more normal Fall semester, performance rebounds. Large schools that were early to announce in-person classes for Fall 2021 – such as Clemson University, Virginia Tech and the University of Georgia – are already 80% pre-leased.

There is also an argument to be made for an oncoming surge in leasing. No-show students from Fall 2020 could return this year and further boost Fall 2021's prospects. And the international enrollment picture is coming into focus too. The recent announcement that the U.S. embassy in China has resumed visa processing shows that

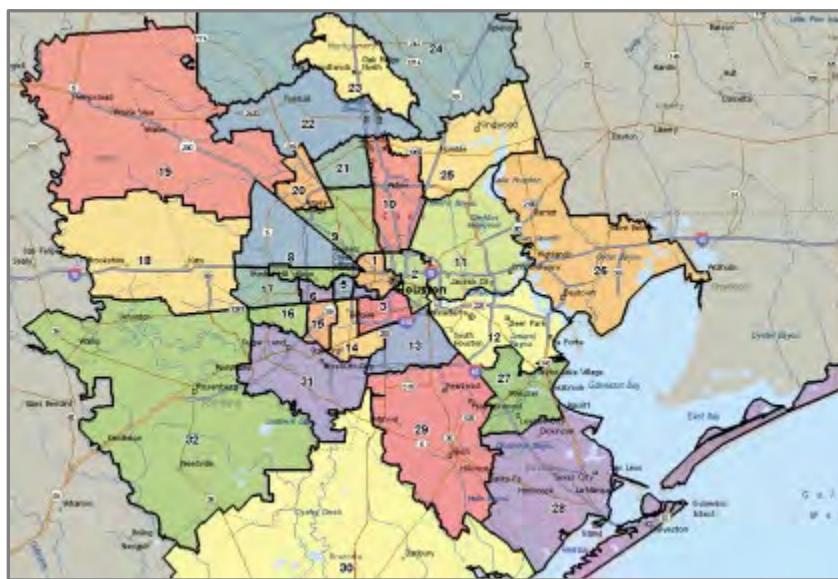
international sentiment for U.S. student housing has improved. The tight turnaround required to process visas in time for school may preclude a significant boost for Fall 2021, but it serves as yet another indication of an inflection point.

However, some uncertainty remains. Any number of influences could shift and slow the newfound momentum. Recent leasing news has been positive and investor sentiment points toward potential for additional improvement. Despite the difficulties of the previous year, student housing investment volumes remain within 10% of their pre-pandemic level. It is still somewhat early to tell if recent data portend longer term improvement trends or if they will be fleeting. However, that looks less and less likely as other positive indicators emerge.

## HOUSTON-THE WOODLANDS-SUGAR LAND METRO APARTMENT MARKET ANALYSIS

The following is an analysis of supply/demand trends in the Houston-The Woodlands-Sugar Land Apartment Market using information provided by MPF Research, widely recognized as a market leader in Apartment data and statistics. Through their coverage of the MPF-100, a collection of the 100 largest primary and secondary markets in the US, data is primarily sourced at the floor-plan, transaction level. This is made possible through MPF's sister company relationship with RealPage, the developers of YieldStar and OneSite revenue and property management software suites, resulting in access to access individual lease transactions for roughly 3.7 million units.

We will first analyze the metro market, followed by the submarket. The following map highlights MPF's coverage of the Houston-The Woodlands-Sugar Land Metro Market and the individual submarkets tracked. The subject is located within the Braeswood Place/Astrodome/South Union submarket denoted as (12) below.



## Current Market Snapshot

The table below presents a current quarter snapshot of key indicators for the Houston-The Woodlands-Sugar Land Metro Market.

HOUSTON-THE WOODLANDS-SUGAR LAND MARKET AT A GLANCE								2021 Q1	
	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS Δ	INVENTORY % Δ	UNDER CONST.	NEAR-TERM DELIVERIES <sup>1</sup>
<b>INVENTORY</b>	712,376	92.5%	722	4,766	0	4,766	0.7%	22,889	15,750
BY VINTAGE					BY STYLE				
CATEGORY	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL
Occupancy	93.0%	93.0%	92.8%	91.2%	91.5%	92.7%	92.1%	89.6%	92.5%
Quarterly Occ. Δ	-0.1%	-0.6%	-0.9%	-0.9%	-0.6%	-0.7%	0.2%	0.1%	-0.5%
Annual Occ. Δ	-0.7%	-0.8%	-0.7%	-0.8%	-1.1%	-0.5%	-1.5%	-3.3%	-0.7%
Rent (\$/mo.)	\$1,340	\$1,145	\$884	\$854	\$948	\$1,009	\$1,403	\$2,070	\$1,098
Rent (\$/sf)	\$1.38	\$1.25	\$1.10	\$1.03	\$1.10	\$1.15	\$1.49	\$2.02	\$1.23
Annual Revenue Δ <sup>2</sup>	-4.8%	-3.9%	0.6%	-0.4%	-3.8%	-0.9%	-9.4%	-11.6%	-3.0%
% Offering Concessions	40.8%	45.9%	45.3%	47.6%	46.5%	43.8%	45.8%	44.1%	44.0%
Avg. Concession	6.3%	4.3%	3.7%	4.9%	4.1%	4.4%	7.2%	9.9%	5.3%
Qtr. Same-Property Rent Δ	0.3%	0.8%	0.5%	0.8%	-0.2%	0.6%	0.0%	0.3%	0.5%
Ann. Same-Property Rent Δ	-4.1%	-3.1%	1.2%	0.4%	-2.7%	-0.4%	-7.9%	-8.3%	-2.3%

Source: MPF Research® <sup>1</sup> Delivering within next four quarters. <sup>2</sup> Annual Revenue Change = Annual Occ. Change + Annual Rent Change

## Occupancy

As presented, the Houston-The Woodlands-Sugar Land market maintains a current inventory of 712,376 units, up approximately 0.70% (4,766 units) from the previous quarter. The current market-wide occupancy rate of 92.5% is indicated through a range extending from 89.6% to 93.0% across all property styles and vintages. When compared to the previous quarter, the market-wide average occupancy rate has decreased 0.5%. On a current-quarter annualized basis, occupancy rates have decreased 0.7%.

## Rental Rates / Revenue

On a per unit basis, rental rates by vintage range from a low of \$854 per month to a high of \$1,340 per month. When analyzed on the basis of style, rental rates range from \$1,009 (low-rise) to \$2,070 (high-rise). In total, the market-wide inventory-weighted average rental rate is \$1,098 per unit per month. On a per square foot basis, rental rates range from a low of \$1.03 to a high of \$1.38 when analyzing property vintage and \$1.15 to \$2.02 when analyzed by property style. In aggregate, the market-wide average rental rate is \$1.23 per square foot. Annual revenue change, defined as annual occupancy change plus annual rent change represents a decrease of -3.0% versus the previous same-quarter annual period.

## Concessions

Analyzed by vintage, the percentage of properties currently offering concessions range from 40.8% (2000+) to 47.6% (1970s). When singularly analyzing property style, this range shifts to a low of 43.8% (low-rise) to a high of 45.8% (mid-rise). An aggregate, market-wide average of 44.0% is indicated.

The average concession given ranges from 3.7% to 6.3% (vintage) and 4.4% to 9.9% (style) of potential gross income. An inventory-weighted average across all vintages and styles of 5.3% of potential gross income is indicated.

## Trailing Metro Performance

Key supply/demand, occupancy, rental rate, and concession statistics for available trailing annual and quarterly periods are summarized below.

CONTINUED

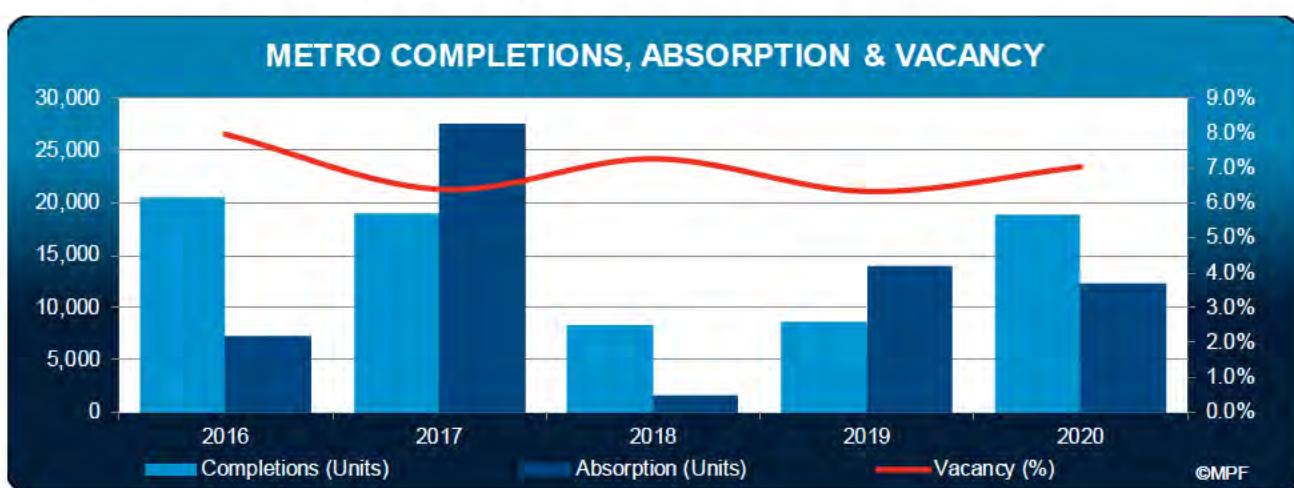
DAL210584

## Historical Supply/Demand

The following table highlights the trailing annual and quarterly supply, construction, and absorption metrics.

HISTORICAL SUPPLY/DEMAND ANALYSIS			HOUSTON-THE WOODLANDS-SUGAR LAND MARKET						
PERIOD	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS	INVENTORY %Δ	UNDER CONST.	NEAR-TERM DELIVERIES <sup>1</sup>
2016	654,681	92.1%	7,232	20,460	1,495	18,965	3.0%	24,631	18,142
2017	673,059	93.6%	27,515	18,928	550	18,378	2.8%	12,958	8,142
2018	681,142	92.8%	1,634	8,250	167	8,083	1.2%	19,886	8,530
2019	689,260	93.7%	13,939	8,668	550	8,118	1.2%	33,926	17,720
2020	707,610	93.0%	12,213	18,807	457	18,350	2.7%	26,248	17,090
2020 Q2	696,410	92.9%	2,051	4,595	0	4,595	0.7%	30,809	19,962
2020 Q3	701,526	93.3%	7,684	5,116	0	5,116	0.7%	29,026	19,081
2020 Q4	707,610	93.0%	3,547	6,084	0	6,084	0.9%	26,248	17,090
2021 Q1	712,376	92.5%	722	4,766	0	4,766	0.7%	22,889	15,750

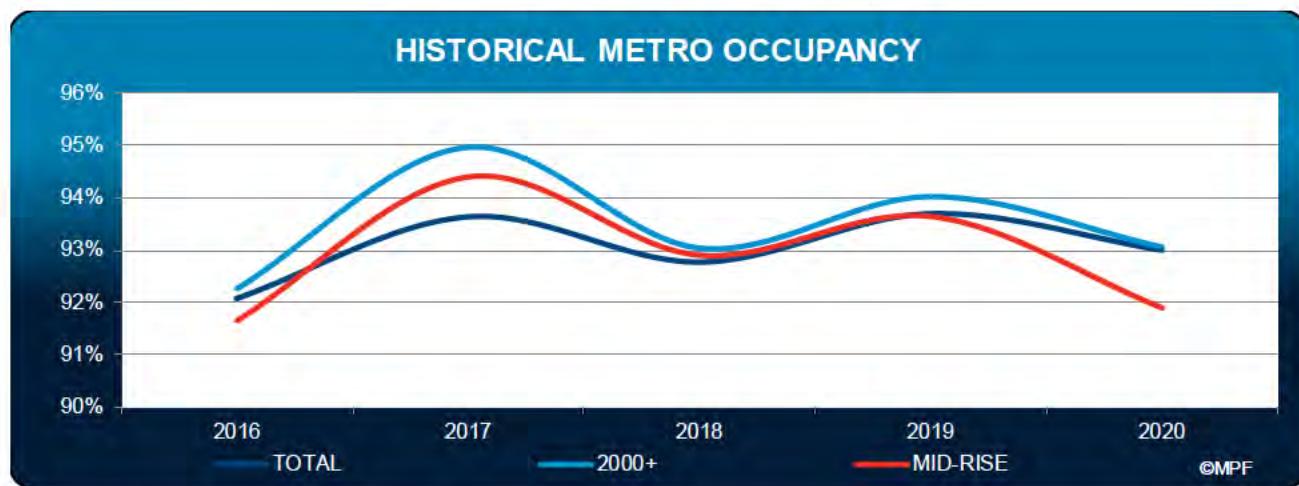
Source: MPF Research® <sup>1</sup> Delivering within next four quarters.



## Metro Occupancy Trends

PERIOD	OCCUPANCY					HOUSTON-THE WOODLANDS-SUGAR LAND METRO				
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL	
2016	92.3%	92.5%	91.8%	91.9%	91.8%	92.1%	91.7%	91.1%	92.1%	
2017	95.0%	95.0%	93.0%	92.0%	91.1%	93.5%	94.4%	94.1%	93.6%	
2018	93.0%	93.4%	92.8%	92.1%	91.7%	92.8%	92.9%	91.6%	92.8%	
2019	94.0%	94.0%	93.6%	93.0%	93.6%	93.7%	93.7%	93.4%	93.7%	
2020	93.1%	93.6%	93.7%	92.1%	92.1%	93.3%	91.9%	89.5%	93.0%	
2020 Q2	93.0%	93.6%	93.4%	91.9%	92.6%	93.0%	92.7%	90.6%	92.9%	
2020 Q3	93.3%	93.9%	93.9%	92.4%	93.1%	93.6%	92.4%	89.4%	93.3%	
2020 Q4	93.1%	93.6%	93.7%	92.1%	92.1%	93.3%	91.9%	89.5%	93.0%	
2021 Q1	93.0%	93.0%	92.8%	91.2%	91.5%	92.7%	92.1%	89.6%	92.5%	

Source: MPF Research®

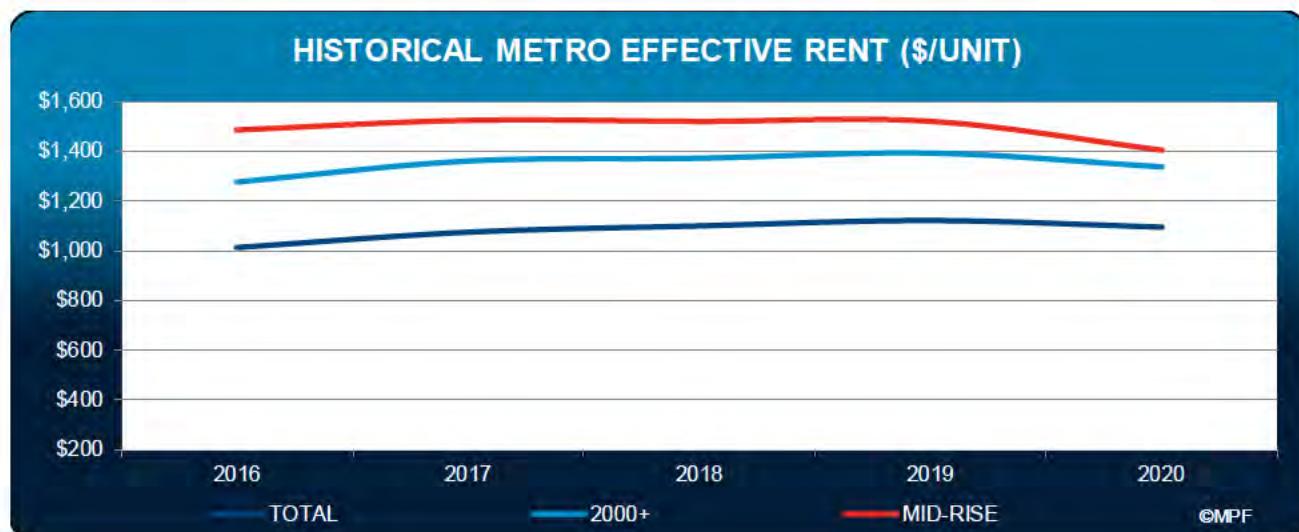


### Metro Rental Rate Trends

The following tables and supporting graphs represent the current and historical rental rates on both a \$/Unit (Table 1) and \$/SF (Table 2) basis. Rental rates are reported as effective rates (net of concessions).

PERIOD	BY VINTAGE					BY STYLE				TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE		
2016	\$1,275	\$1,102	\$817	\$803	\$925	\$934	\$1,485	\$2,029	\$1,012	
2017	\$1,362	\$1,168	\$838	\$823	\$909	\$977	\$1,524	\$2,192	\$1,075	
2018	\$1,374	\$1,170	\$849	\$828	\$929	\$990	\$1,520	\$2,198	\$1,101	
2019	\$1,395	\$1,182	\$871	\$850	\$980	\$1,012	\$1,520	\$2,218	\$1,123	
2020	\$1,338	\$1,133	\$879	\$850	\$952	\$1,004	\$1,403	\$2,079	\$1,096	
2020 Q2	\$1,378	\$1,160	\$875	\$848	\$973	\$1,005	\$1,477	\$2,228	\$1,114	
2020 Q3	\$1,359	\$1,149	\$881	\$851	\$970	\$1,008	\$1,439	\$2,115	\$1,108	
2020 Q4	\$1,338	\$1,133	\$879	\$850	\$952	\$1,004	\$1,403	\$2,079	\$1,096	
2021 Q1	\$1,340	\$1,145	\$884	\$854	\$948	\$1,009	\$1,403	\$2,070	\$1,098	

Source: MPF Research®

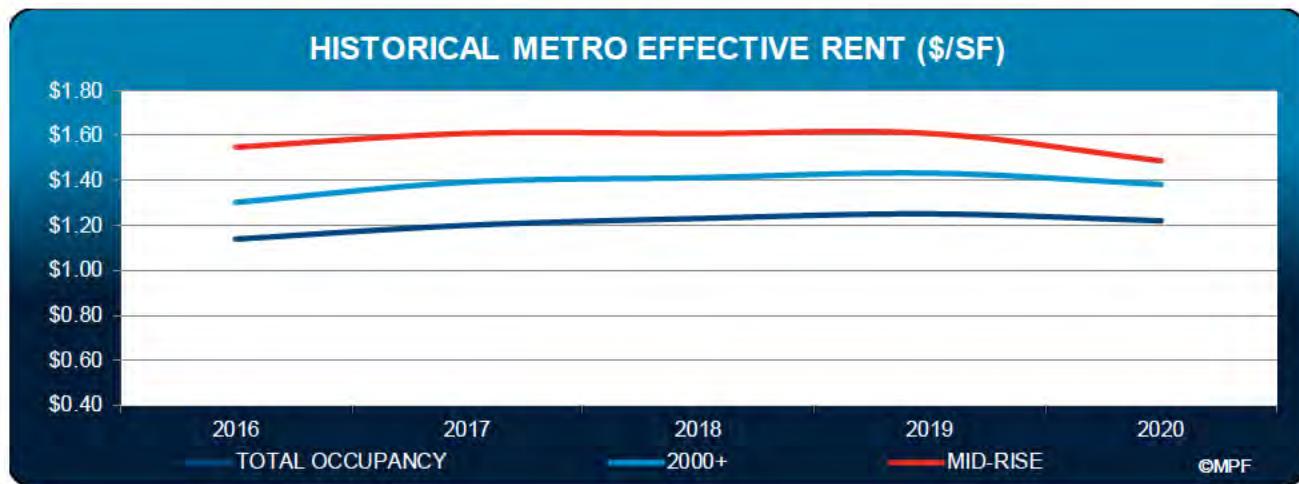


CONTINUED

DAL210584

EFFECTIVE RENT (\$/SF)		HOUSTON-THE WOODLANDS-SUGAR LAND METRO								
PERIOD		BY VINTAGE					BY STYLE			TOTAL
		2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2016	\$1.30	\$1.20	\$1.02	\$0.96	\$1.08	\$1.06	\$1.55	\$1.91	\$1.14	\$1.14
2017	\$1.39	\$1.27	\$1.05	\$0.98	\$1.08	\$1.11	\$1.61	\$2.04	\$1.20	\$1.20
2018	\$1.41	\$1.27	\$1.06	\$1.00	\$1.11	\$1.12	\$1.61	\$2.13	\$1.23	\$1.23
2019	\$1.43	\$1.29	\$1.08	\$1.02	\$1.15	\$1.15	\$1.61	\$2.13	\$1.25	\$1.25
2020	\$1.38	\$1.24	\$1.10	\$1.02	\$1.11	\$1.14	\$1.49	\$2.00	\$1.22	\$1.22
2020 Q2	\$1.41	\$1.26	\$1.09	\$1.02	\$1.13	\$1.14	\$1.57	\$2.14	\$1.24	\$1.24
2020 Q3	\$1.40	\$1.25	\$1.09	\$1.02	\$1.13	\$1.14	\$1.53	\$2.04	\$1.24	\$1.24
2020 Q4	\$1.38	\$1.24	\$1.10	\$1.02	\$1.11	\$1.14	\$1.49	\$2.00	\$1.22	\$1.22
2021 Q1	\$1.38	\$1.25	\$1.10	\$1.03	\$1.10	\$1.15	\$1.49	\$2.02	\$1.23	\$1.23

Source: MPF Research®



### Metro Concession Trends

The following tables represent the percentage of properties offering concessions (Table 1) and the concessions granted as a percentage of potential gross income (Table 2).

PERCENT OF PROPERTIES OFFERING CONCESSIONS HOUSTON-THE WOODLANDS-SUGAR LAND METRO										
PERIOD	BY VINTAGE					BY STYLE				TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE		
2016	47.2%	42.4%	44.3%	47.7%	59.9%	45.5%	56.0%	53.4%	46.7%	46.7%
2017	25.7%	16.5%	35.4%	32.9%	36.3%	28.8%	31.1%	27.2%	29.0%	29.0%
2018	30.4%	28.7%	45.2%	39.0%	43.2%	36.0%	33.4%	40.6%	35.8%	35.8%
2019	32.9%	34.6%	46.3%	50.6%	47.0%	41.3%	34.0%	42.3%	40.4%	40.4%
2020	44.1%	39.6%	45.0%	50.2%	45.6%	44.8%	46.4%	48.8%	45.2%	45.2%
2020 Q2	44.4%	42.2%	49.1%	48.6%	52.0%	46.8%	44.0%	46.8%	46.4%	46.4%
2020 Q3	44.5%	38.6%	44.2%	50.5%	50.7%	43.8%	52.2%	55.1%	45.4%	45.4%
2020 Q4	44.1%	39.6%	45.0%	50.2%	45.6%	44.8%	46.4%	48.8%	45.2%	45.2%
2021 Q1	40.8%	45.9%	45.3%	47.6%	46.5%	43.8%	45.8%	44.1%	44.0%	44.0%

Source: MPF Research®

CONCESSIONS AS PERCENT OF PGI			HOUSTON-THE WOODLANDS-SUGAR LAND METRO						
PERIOD	BY VINTAGE					BY STYLE			TOTAL
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	
2016	7.0%	4.8%	4.0%	4.3%	3.7%	5.0%	6.9%	9.1%	5.5%
2017	5.5%	3.8%	3.1%	3.4%	3.6%	3.4%	6.6%	8.3%	4.3%
2018	5.4%	3.1%	3.4%	4.2%	3.7%	4.0%	5.6%	7.0%	4.5%
2019	5.0%	3.4%	3.3%	3.9%	3.3%	3.5%	5.1%	8.8%	4.2%
2020	6.2%	4.0%	3.5%	4.3%	4.4%	4.1%	6.8%	10.9%	5.1%
2020 Q2	4.7%	3.4%	3.5%	4.1%	3.6%	3.8%	5.0%	6.4%	4.2%
2020 Q3	5.9%	3.9%	3.0%	3.9%	3.6%	3.9%	5.9%	9.3%	4.7%
2020 Q4	6.2%	4.0%	3.5%	4.3%	4.4%	4.1%	6.8%	10.9%	5.1%
2021 Q1	6.3%	4.3%	3.7%	4.9%	4.1%	4.4%	7.2%	9.9%	5.3%

Source: MPF Research®

**Metro Construction Activity**

CONSTRUCTION ACTIVITY SUMMARY HOUSTON-THE WOODLANDS-SUGAR LAND METRO		
CATEGORY	UNITS UNDER CONSTRUCTION	UNITS COMPLETED <sup>1</sup>
Conventional (Market)	28,701	18,037
<b>TOTAL</b>	<b>28,701</b>	<b>18,037</b>

Source: MPF Research® <sup>1</sup>Properties completed in the last 4 quarters

Within the Houston-The Woodlands-Sugar Land Metro area, there are a total of 28,701 conventional units currently under construction highlighted by activity in the Greater Heights/Washington Avenue, Downtown/Montrose/River Oaks and Katy submarkets. There are currently 945 units under construction within the subject's submarket and 0 units have delivered within the past four quarters.

The following table sets forth the detailed construction activity, by submarket, for conventional properties in the market.

CONVENTIONAL CONSTRUCTION DETAIL HOUSTON-THE WOODLANDS-SUGAR LAND METRO		
CATEGORY	UNITS UNDER CONSTRUCTION	UNITS COMPLETED <sup>1</sup>
Downtown/Montrose/River Oaks	3,860	1,374
Greenway/Upper Kirby	2,272	370
Greater Heights/Washington Avenue	4,494	2,255
East Inner Loop	331	292
Spring Branch	660	357
Northwest Houston	378	263
North Central Houston	0	270
Northeast Houston	352	251
Hobby Airport	0	252
Gulfton/Westbury	336	338
Bear Creek	415	817
Katy	2,604	3,041
Cypress/Waller	602	1,148
Champions West	0	686
Spring/Tomball	2,386	1,696
The Woodlands	1,068	750
Conroe/Montgomery County	1,258	552
Humble/Kingwood	1,577	572
Baytown	0	700
Clear Lake	928	701
Galveston/Texas City	328	170
Sugar Land/Stafford	346	902
Rosenberg/Richmond	1,766	280
West University/Medical Center/Third Ward	249	0
Braeswood Place/Astrodome/South Union	945	0
Galleria/Uptown	383	0
Memorial	278	0
Far West Houston	318	0
Friendswood/Pearland	567	0
<b>TOTAL</b>	<b>28,701</b>	<b>18,037</b>

Source: MPF Research® <sup>1</sup>Properties completed in the last 4 quarters

### Market Conclusion

Overall the Houston apartment market has been in a growth stage over the past few years with a high volume of new construction and development. Effective rent and occupancy levels have remained fairly steady over the past couple of years. The market should remain desirable in the near term as population and employment growth are expected to continue at recent levels.

CONTINUED

DAL210584

**BRAESWOOD PLACE/ASTRODOME/SOUTH UNION APARTMENT SUBMARKET OVERVIEW**

The table below presents a current quarter snapshot of the key indicators within the submarket.

BRAESWOOD PLACE/ASTRODOME/SOUTH UNION SUBMARKET AT A GLANCE							2021 Q1		
INVENTORY	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY Δ (UNITS)	UNDER CONST. (%)	NEAR-TERM DELIVERIES	
23,741	90.4%	26	127	0	127	0.5%	650	369	
BY VINTAGE					BY STYLE				
CATEGORY	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	TOTAL
Occupancy	91.1%	89.3%	90.9%	89.3%	82.6%	89.7%	92.0%	92.2%	90.4%
Quarterly Occ. Δ	0.1%	-0.1%	0.5%	-1.7%	-2.4%	-0.8%	0.8%	-0.7%	-0.4%
Annual Occ. Δ	-1.8%	-5.4%	-1.6%	2.7%	0.0%	-0.6%	-1.1%	-1.3%	-0.8%
Rent (\$/mo.)	\$1,269	\$1,400	\$854	\$904	\$888	\$1,016	\$1,332	\$1,302	\$1,107
Rent (\$/sf)	\$1.33	\$1.36	\$1.15	\$1.08	\$0.99	\$1.17	\$1.40	\$1.38	\$1.24
Annual Revenue Δ <sup>2</sup>	-9.8%	-9.8%	-8.8%	-3.5%	-3.9%	-6.5%	-10.3%	-9.2%	-7.9%
% Offering Concessions	59.0%	16.0%	68.5%	58.6%	0.0%	56.9%	53.0%	73.7%	56.2%
Avg. Concession	5.7%	5.3%	5.8%	11.2%	n.a.	7.8%	5.5%	4.8%	7.0%
Qtr. Same-Property Rent Δ	0.1%	2.9%	-3.0%	2.0%	-2.0%	0.6%	0.3%	-3.8%	0.4%
Ann. Same-Property Rent	-8.1%	-4.4%	-7.2%	-6.2%	-3.9%	-5.8%	-9.3%	-7.9%	-7.1%

Source: MPF Research® <sup>1</sup> Delivering within next four quarters. <sup>2</sup> Annual Revenue Change = Annual Occ. Change + Annual Rent Change

**Trailing Submarket Performance**

Key supply/demand, occupancy, rental rate, and concession statistics for available trailing annual and quarterly periods are summarized below.

**Historical Supply/Demand**

HISTORICAL SUPPLY/DEMAND FOR BRAESWOOD PLACE/ASTRODOME/SOUTH UNION SUBMARKET									
PERIOD	TOTAL UNITS	OCCUPANCY (%)	ABSORP. (UNITS)	NEW INV. (UNITS)	REMOVALS (UNITS)	INVENTORY UNITS	INVENTORY Δ (%)	UNDER CONST. DELIVERIES <sup>1</sup>	
2016	22,357	92.3%	49	580	0	580	2.7%	1,089	683
2017	23,040	94.2%	1,078	683	0	683	3.1%	406	406
2018	23,354	92.7%	-61	406	92	314	1.4%	0	0
2019	23,446	92.6%	68	92	0	92	0.4%	338	168
2020	23,614	90.7%	-292	168	0	168	0.7%	777	300
2020 Q2	23,446	91.1%	-6	0	0	0	0.0%	664	338
2020 Q3	23,488	91.0%	17	42	0	42	0.2%	903	296
2020 Q4	23,614	90.7%	39	126	0	126	0.5%	777	300
2021 Q1	23,741	90.4%	26	127	0	127	0.5%	650	369

Source: MPF Research® <sup>1</sup> Delivering within next four quarters



CONTINUED

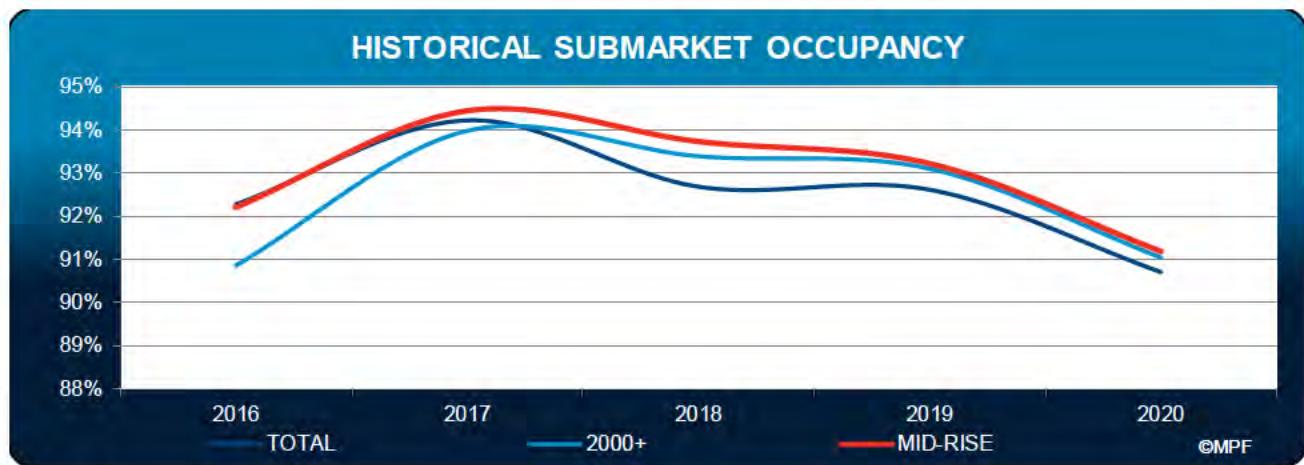
DAL210584

**Submarket Occupancy Trends**

PERIOD	OCCUPANCY ANALYSIS					BRAESWOOD PLACE/ASTRODOME/SOUTH UNION SUBMARKET					SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO	
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	LOW-RISE	MID-RISE	HIGH-RISE			
2016	90.9%	94.6%	93.2%	92.8%	88.4%	92.3%	92.2%	92.2%	92.3%	92.1%	92.2%	92.1%	●	●
2017	94.0%	96.8%	95.6%	92.1%	n.a.	94.2%	94.4%	91.7%	94.2%	93.6%	94.2%	93.6%	●	●
2018	93.4%	95.5%	91.5%	90.5%	n.a.	92.4%	93.7%	90.6%	92.7%	92.8%	92.7%	92.8%	●	●
2019	93.1%	95.1%	94.4%	89.9%	87.0%	92.4%	93.2%	92.0%	92.6%	93.7%	92.0%	93.7%	●	●
2020	91.0%	89.5%	90.4%	91.0%	84.8%	90.5%	91.2%	93.0%	90.7%	93.0%	90.7%	93.0%	●	●
2020 Q2	92.5%	89.6%	92.9%	88.3%	82.6%	90.2%	92.8%	96.8%	91.1%	92.9%	91.1%	92.9%	●	●
2020 Q3	91.3%	88.4%	91.4%	91.6%	84.8%	90.8%	91.3%	95.2%	91.0%	93.3%	91.0%	93.3%	●	●
2020 Q4	91.0%	89.5%	90.4%	91.0%	84.8%	90.5%	91.2%	93.0%	90.7%	93.0%	90.7%	93.0%	●	●
2021 Q1	91.1%	89.3%	90.9%	89.3%	82.6%	89.7%	92.0%	92.2%	90.4%	92.5%	90.4%	92.5%	●	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

The average submarket physical occupancy rate is currently at 90.4%, which falls just below the overall metro average of 92.5%. The overall occupancy level has slightly dropped over the past two years in the subject submarket. We anticipate that occupancy levels in the submarket will continue to reflect similar levels in the near term.

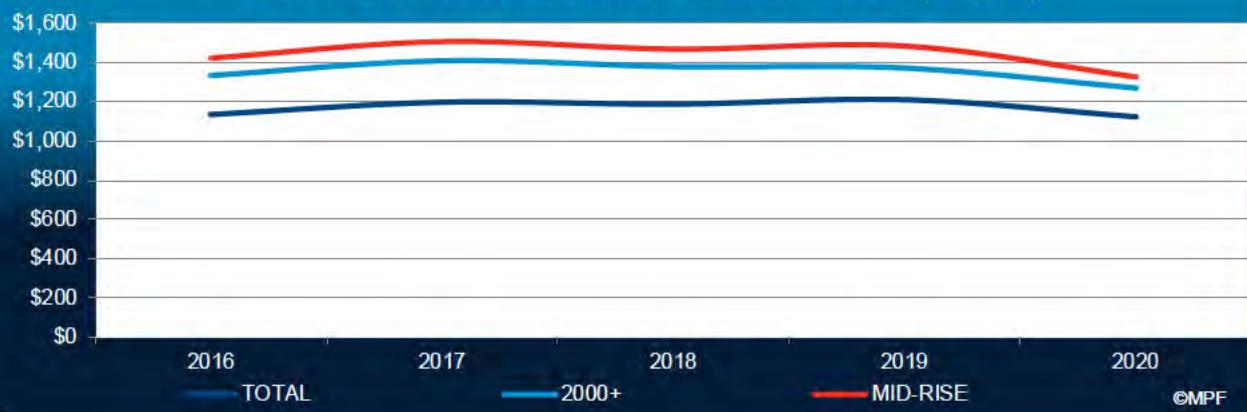
**Submarket Rental Rate Trends**

The following tables represent the current and historical submarket rental rates on both a \$/Unit (Table 1) and \$/SF (Table 2) basis. Rental rates are reported as effective rates (net of concessions).

PERIOD	EFFECTIVE RENT (\$/UNIT)					BRAESWOOD PLACE/ASTRODOME/SOUTH UNION SUBMARKET					SUBMARKET TOTAL	METRO TOTAL	VERSUS METRO	
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE	LOW-RISE	MID-RISE	HIGH-RISE			
2016	\$1,330	\$1,373	\$885	\$946	\$915	\$1,039	\$1,421	\$1,491	\$1,130	\$1,012	\$1,012	●	●	●
2017	\$1,403	\$1,428	\$875	\$879	n.a.	\$1,079	\$1,503	\$1,457	\$1,194	\$1,075	\$1,075	●	●	●
2018	\$1,374	\$1,384	\$903	\$895	n.a.	\$1,070	\$1,466	\$1,510	\$1,184	\$1,101	\$1,101	●	●	●
2019	\$1,367	\$1,422	\$949	\$979	\$913	\$1,113	\$1,481	\$1,314	\$1,207	\$1,123	\$1,123	●	●	●
2020	\$1,268	\$1,361	\$880	\$916	\$907	\$1,026	\$1,328	\$1,353	\$1,118	\$1,096	\$1,096	●	●	●
2020 Q2	\$1,330	\$1,407	\$913	\$968	\$916	\$1,084	\$1,398	\$1,344	\$1,185	\$1,114	\$1,114	●	●	●
2020 Q3	\$1,300	\$1,419	\$919	\$948	\$908	\$1,064	\$1,370	\$1,305	\$1,157	\$1,108	\$1,108	●	●	●
2020 Q4	\$1,268	\$1,361	\$880	\$916	\$907	\$1,026	\$1,328	\$1,353	\$1,118	\$1,096	\$1,096	●	●	●
2021 Q1	\$1,269	\$1,400	\$854	\$904	\$888	\$1,016	\$1,332	\$1,302	\$1,107	\$1,098	\$1,098	●	●	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

### HISTORICAL SUBMARKET EFFECTIVE RENT (\$/UNIT)



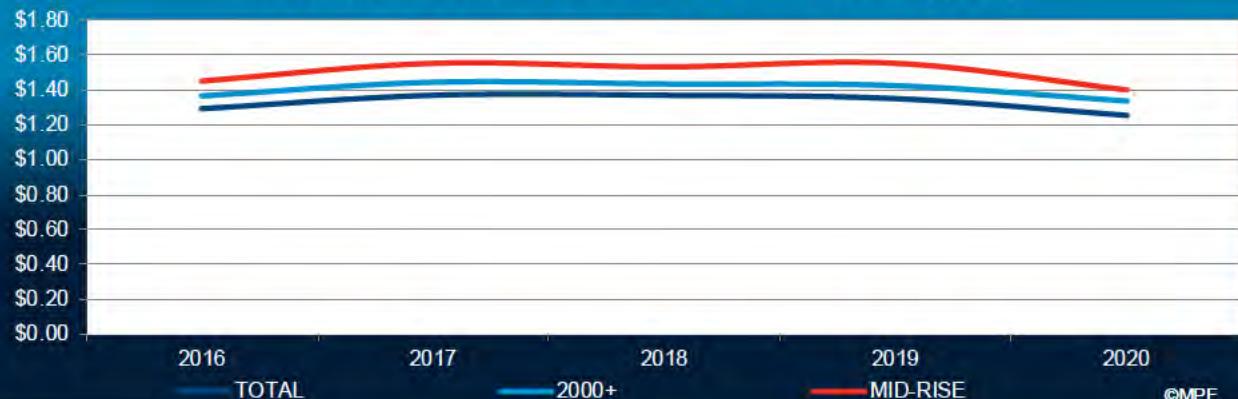
Average effective rents have slightly dropped over the past three years in the submarket.

### EFFECTIVE RENT (\$/SF) BRAESWOOD PLACE/ASTRODOME/SOUTH UNION SUBMARKET

PERIOD	BY VINTAGE					BY STYLE			SUBMARKET	METRO	VERSUS
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2016	\$1.36	\$1.57	\$1.21	\$1.12	\$1.02	\$1.23	\$1.45	\$1.58	\$1.29	\$1.14	●
2017	\$1.44	\$1.63	\$1.24	\$1.12	n.a.	\$1.29	\$1.55	\$1.54	\$1.37	\$1.20	●
2018	\$1.43	\$1.57	\$1.29	\$1.14	n.a.	\$1.29	\$1.53	\$1.60	\$1.37	\$1.23	●
2019	\$1.42	\$1.50	\$1.26	\$1.17	\$1.02	\$1.27	\$1.55	\$1.39	\$1.35	\$1.25	●
2020	\$1.33	\$1.32	\$1.18	\$1.10	\$1.01	\$1.18	\$1.40	\$1.43	\$1.25	\$1.22	●
2020 Q2	\$1.38	\$1.37	\$1.21	\$1.17	\$1.02	\$1.23	\$1.46	\$1.42	\$1.31	\$1.24	●
2020 Q3	\$1.35	\$1.38	\$1.22	\$1.14	\$1.01	\$1.21	\$1.43	\$1.38	\$1.28	\$1.24	●
2020 Q4	\$1.33	\$1.32	\$1.18	\$1.10	\$1.01	\$1.18	\$1.40	\$1.43	\$1.25	\$1.22	●
2021 Q1	\$1.33	\$1.36	\$1.15	\$1.08	\$0.99	\$1.17	\$1.40	\$1.38	\$1.24	\$1.23	●

Source: MPF Research® Legend: ● Outperforming ○ Underperforming ● Similar

### HISTORICAL SUBMARKET EFFECTIVE RENT (\$/SF)



### Submarket Concession Trends

The following tables represent the percentage of properties offering concessions (Table 1) and the concessions granted as a percentage of potential gross income (Table 2).

CONTINUED

DAL210584

**PERCENT OF PROPERTIES OFFERED FOR CONCESSION/BRAESWOOD PLACE/ASTRODOME/SOUTH UNION SUBMARKET**

PERIOD	BY VINTAGE					BY STYLE			SUBMARKET	METRO	VERSUS
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2016	44.4%	0.0%	46.5%	74.9%	100.0%	55.5%	33.2%	0.0%	49.4%	46.7%	●
2017	26.5%	8.7%	56.2%	73.7%	n.a.	52.1%	9.5%	0.0%	40.1%	29.0%	●
2018	25.8%	12.5%	82.5%	72.3%	n.a.	54.4%	21.1%	0.0%	44.3%	35.8%	●
2019	31.3%	14.6%	32.5%	77.6%	0.0%	48.4%	16.6%	77.5%	41.5%	40.4%	●
2020	58.3%	78.9%	55.5%	58.9%	0.0%	67.9%	38.3%	52.0%	59.3%	45.2%	●
2020 Q2	36.0%	11.2%	62.8%	51.4%	0.0%	42.4%	33.4%	81.0%	40.8%	46.4%	●
2020 Q3	38.6%	0.0%	45.7%	32.2%	0.0%	32.2%	32.8%	85.3%	33.8%	45.4%	●
2020 Q4	58.3%	78.9%	55.5%	58.9%	0.0%	67.9%	38.3%	52.0%	59.3%	45.2%	●
<b>2021 Q1</b>	<b>59.0%</b>	<b>16.0%</b>	<b>68.5%</b>	<b>58.6%</b>	<b>0.0%</b>	<b>56.9%</b>	<b>53.0%</b>	<b>73.7%</b>	<b>56.2%</b>	<b>44.0%</b>	<b>●</b>

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

**CONCESSIONS AS PERCENT OF PGI BRAESWOOD PLACE/ASTRODOME/SOUTH UNION SUBMARKET**

PERIOD	BY VINTAGE					BY STYLE			SUBMARKET	METRO	VERSUS
	2000+	1990s	1980s	1970s	PRE-1970s	LOW-RISE	MID-RISE	HIGH-RISE			
2016	5.9%	n.a.	3.2%	4.3%	4.8%	5.0%	4.2%	n.a.	4.9%	5.5%	●
2017	2.6%	1.3%	1.0%	3.6%	n.a.	2.7%	0.6%	n.a.	2.6%	4.3%	●
2018	7.5%	4.9%	4.4%	4.0%	n.a.	5.7%	3.2%	n.a.	5.3%	4.5%	●
2019	5.8%	4.7%	3.5%	3.9%	n.a.	4.6%	5.1%	5.3%	4.7%	4.2%	●
2020	6.0%	2.7%	5.2%	5.5%	n.a.	5.3%	5.5%	4.1%	5.3%	5.1%	●
2020 Q2	4.2%	3.2%	2.2%	4.5%	n.a.	4.0%	3.1%	5.3%	3.8%	4.2%	●
2020 Q3	5.7%	n.a.	2.7%	4.1%	n.a.	5.0%	4.1%	7.4%	4.9%	4.7%	●
2020 Q4	6.0%	2.7%	5.2%	5.5%	n.a.	5.3%	5.5%	4.1%	5.3%	5.1%	●
<b>2021 Q1</b>	<b>5.7%</b>	<b>5.3%</b>	<b>5.8%</b>	<b>11.2%</b>	<b>n.a.</b>	<b>7.8%</b>	<b>5.5%</b>	<b>4.8%</b>	<b>7.0%</b>	<b>5.3%</b>	<b>●</b>

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

**Submarket Construction Activity**

The following projects are listed as being currently under construction within the submarket.

CONSTRUCTION ACTIVITY		BRAESWOOD PLACE/ASTRODOME/SOUTH UNION SUBMARKET					
PROPERTY	PROPERTY	NO. OF	NO. OF	PROJECT	START	FINISH	
NAME	TYPE	UNITS	STORIES	STATUS	DATE	DATE	
Alta Med Main	Conventional	338	4	Under Construction	1/1/19	4/1/21	
Barvin Development	Conventional	281	5	Under Construction	9/1/20	7/1/22	
The Fountains	Conventional	326	4	Under Construction	3/1/20	3/1/22	
<b>TOTAL UNITS:</b>		<b>945</b>					

Source: MPF Research®

Within the submarket, there are a total of 945 units within three projects under construction and planned for completion by July 2022. Each of these new communities represent conventional properties and is not considered to be a competitor of the subject.

## UNIVERSITY OF HOUSTON STUDENT HOUSING MARKET

The subject property is located in proximity to The University of Houston.

### Enrollment

The following chart details the Full Time historical enrollment trends at The University of Houston from 2010 to 2020.

FULL TIME ENROLLMENT			
YEAR	Undergraduate Enrollment	Total Enrollment	Total Enrollment Growth Rate
2010	29,378	38,752	-
2011	30,452	39,820	2.8%
2012	31,367	40,747	2.3%
2013	30,400	39,540	-3.0%
2014	31,722	40,914	3.5%
2015	33,404	42,704	4.4%
2016	34,688	43,774	2.5%
2017	36,088	45,364	3.6%
2018	38,348	46,324	2.1%
2019	37,689	46,148	-0.4%
2020	38,597	47,101	2.1%

*Source: University of Houston*

As shown in the previous chart, total enrollment has steadily increased over the past 10 years.

According to information provided by the University of Houston Residence Department, there are seven on-campus residence halls with a total capacity of approximately 7,000 beds. The Residence Department did not provide occupancy rates for the past semester, but did indicate that the number of residents was down slightly from the past as a result of fewer students interested in living on campus. This situation is most likely due to more students living at home and commuting to school as a result of the COVID-19 crisis. The Residence Department noted that there are no new additional dorm rooms planned to be constructed in the immediate future. Please note that none of the students at The University of Houston are required to live on campus.

### LEASE TERMS

Typical student tenant lease terms range from 7 to 12 months with rates varying accordingly, typically being higher for shorter lease terms. However, even tenants that sign 12-month leases are typically required to vacate the premises for two weeks in July so management can turn over the units/bedrooms prior to the upcoming school year. Accommodations can sometimes be made for tenants that plan to renew their leases.

Parents/guardians are generally required to co-sign lease agreements and financially guarantee the leases for student housing properties. The subject property is no exception to this and generally requires a parental guarantee for student leases; however, the subject will accept an additional deposit in lieu of a parental guarantee, which is not uncommon in the market.

## BROKER / MARKET PARTICIPANT INTERVIEWS

Interviews with brokers and other market participants were conducted to put previously discussed trends and data into better context of what is really occurring in the marketplace.

### SALES PERSPECTIVE INTERVIEW

Name	Casey Schaefer
Company	CBRE
Location	Dallas, Texas
Survey Date	2Q 21
Survey Property Profile	Student Housing

According to Casey Schaefer, student housing broker with CBRE, sale transactions slowed down in 2020 due to the Covid-19 pandemic. Mr. Schaefer did indicate that investment demand has increased again over the past several months, including several conventional buyers who are making offers on student housing properties. Mr. Schaefer did indicate that lenders have recently begun looking to provide additional funding for investor purchases, and thus investment interest has picked up over the past six months. This property type is still considered to have somewhat limited availability, with few listings offered within the marketplace at the current time. Currently capitalization rates for stabilized Class A assets generally range from 5.00% to 6.00%. According to Mr. Schaefer, a potential buyer for the subject would be looking to acquire an asset at a discounted price.

## TRANSACTION TRENDS

### Sales Volume

The volume of sale transactions for similar assets has been somewhat low over the past 12 months within the marketplace. This assertion is supported by the comparable sales that were selected for the Sales Comparison Approach. These sales represent a blend of fairly recent and older transactions, which provides support for the reported market sales activity. Sales volume is directly impacted by the activity levels of sellers and buyers of this property type.

### Seller Activity

Based on research completed on various listing sources including CoStar and Loopnet, properties similar to the subject in terms of pricing and overall investment appeal have somewhat limited availability, with few listings offered within the marketplace. This trend was confirmed with Casey Schaefer during the market participant interview process, and represents the general sentiment of market participants interviewed for this and other assignments.

### Most Probable Buyer Profile/Activity

In the open market, the subject property type would command most interest from national and regional buyers that are actively pursuing student housing properties. There is currently strong buyer demand for substitute properties of the subject based on the information provided by active brokers during confirmation of market transactions. The most probable buyer is a national and regional investor in student housing.

## Transaction Trends Conclusion

Based on the preceding analysis, there is a moderate sales market for the subject property type. Investment interest and demand is slowly increasing over the past six months. As previously discussed, the velocity of sale transactions has been low over the past couple of years in the market. Currently there is fairly strong buyer demand, while there is somewhat limited availability for this property type on the supply side.

## PEER GROUP ANALYSIS

The most significant supply and demand indicators for the subject are the occupancy rates exhibited by directly competing student oriented properties. The comparables selected are each leased on a per bed basis, and located proximate to the subject. These are the same comparables used in our market rent analysis found in the Income Approach. A summary of student housing properties considered to be primary competition for the subject is shown below. Please note that Comparable Rent 3 includes two phases and we have only included The Icon portion (Phase I) since The Lofts portion (Phase II) is still in the initial lease-up phase.

VACANCY SURVEY AS OF JUNE 2021			
PROJECT	BEDS	VACANT BEDS	VACANCY
Vue on MacGregor	347	129	37.2%
Campus Vue	465	107	23.0%
Cullen Oaks	716	623	87.0%
The Icon and The Lofts at The Icon	380	81	21.3%
Tower 5040	291	47	16.2%
The Proper	535	225	42.1%
<b>TOTAL/AVERAGE</b>	<b>2,734</b>	<b>1,212</b>	<b>44.3%</b>
<b>ADJUSTED AVERAGE (excluding subject and Cullen Oaks)</b>	<b>1,671</b>	<b>460</b>	<b>27.5%</b>

Source: Colliers International Valuation & Advisory Services; \*Excludes subject

Please note that Cullen Oaks is slightly older and reflects a garden style property. In addition, this property is owned and operated by the University of Houston, and occupancy should increase once the upcoming school year begins. According to on-site leasing personnel, the property has typically operated at 85% to 90% in recent years; however, the number of student residents dropped off significantly for the past school year. Tower 5040 is the newest student housing property and reflects the highest occupancy rate and pre-leased % for the upcoming school year. As reflected in the chart, the entire student housing market is struggling with excessive vacancy levels, including the subject.

The level of rental concessions being offered in a market area provides another indication of the level of demand for apartment units. Concessions are generally not reflected at stabilized properties once the school year begins; however, many properties have offered some type of concession or leasing incentive during the previous lease-up season. If certain benchmarks haven't been met throughout the Spring and Summer lease up season, that's typically when stronger, traditional concessions will enter the market if needed. Currently, concessions are still very prevalent in the market as properties are attempting to fill up excess available units before the start of the Fall semester.

## Tenant Appeal Conclusion

Based on our analysis of the subject property and investigation of comparable properties in the marketplace, the subject is considered to have average tenant appeal.

## Buyer Appeal Conclusion

Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject is considered to have average overall buyer appeal with an average competitive position if the asset was exposed to the open market.

## General Vacancy Conclusion

As summarized in the table below this market analysis relied on various published data sources and field research for assessing how supply/demand conditions influence the long-term vacancy estimate of the subject property.

GENERAL VACANCY CONCLUSION			
REIS	2021 Q1	YTD Avg.	2019 Year End
Houston-The Woodlands-Sugar Land	7.5%	7.0%	7.0%
Braeswood Place/Astrodome/South Union	9.7%	9.3%	7.5%
<b>Competitive Set</b>	44.3%	-	-
<b>Competitive Set - Adjusted</b>	27.5%		
<b>Subject</b>	37.2%	-	-
<b>GENERAL VACANCY RATE CONCLUSIONS</b>			<b>15.0%</b>

Based on the subject's size, location and appeal, the competitive set and market participant interviews warrant primary consideration for our projected vacancy conclusion. Based on our research and conversations with several leasing agents in the local market, the student housing market is very competitive. As of the effective date of this appraisal, the subject property has a current vacancy rate of 37.2%. The occupancy levels have declined during 2019, 2020 and 2021; however, the subject averaged less than 7% vacancy during 2018. Given the lack of additional new properties planned in the area and continued enrollment growth, the subject should be able to increase the occupancy level within the next year, especially with aggressive leasing strategies and efficient management. At some point in the next 12 to 24 months the property should be able to move back toward the occupancy levels recorded in 2018. Based on our analysis of supply/demand trends and considering the subject's actual performance and projected trends in the area, a general stabilized vacancy rate of 15.0% is concluded.

## COVID-19 IMPACT

COVID-19 virus (aka coronavirus) is a serious illness and pandemic that has affected the world and more specifically the United States. The effects thus far include volatility in the stock and capital markets. The impact to demand and ultimately values for real estate is ongoing, with certain asset classes being impacted more than others; however, there is still a relatively wide range of viewpoints on the potential impact. The range of views from market participants suggests the risk premium is widening and we should analyze implications to both near-term and longer-term valuation assumptions. Real estate as an investment type historically takes a longer period of time to be impacted in comparison to alternative investment types, such as stocks and bonds. CIVAS professionals have consulted with market participants in preparation of this assignment to understand and best address how the subject property may be impacted.

Based on our discussions with investors and advisors, and other market participants active in the student housing asset class as presented in the market analysis, their input suggests that more normal operational patterns are expected to return in the future, recognizing that on campus classes and student life may change materially in the coming 1-2 years as we adapt to the impact of COVID-19. Many universities (especially larger tier 1 campuses) utilized on-line classes for a large percentage of their undergraduate coursework in Spring 2020; and many offered on-line options in Fall 2020. Market participants report that there is an increase in student populations returning to campus in the Fall of 2021.

With respect to student housing, current market feedback indicated that there was a pullback in transaction activity given the uncertainty of operations in the near term. However, current data indicates that enrollment levels at most schools remains elevated with minimal drop-off in leasing activity. Feedback from investors is that

there may be requests to discount rents if on-line courses become the norm; however, in the case of many schools, the many students remained on-campus and lived on or near campus. Market feedback indicates that presently near-campus student housing is anticipated to return to near occupancy levels previously experienced for the Fall 2021 semester. Again, this is supported by leasing activity for the current academic year.

While this is an evolving situation with respect to student housing, current market feedback indicates that further clarity and consensus may take upward to a year to fully understand the impact of COVID-19.

## SUMMARY OF MARKET ANALYSIS

Overall, based on an analysis of national, regional and local student housing market trends, combined with interviews with planners, owners, managers and brokers, the subject's market is expected to continue to slowly rebound after new product entered the market. It is our opinion that the student housing properties in the immediate area will remain stable with slow growth in demand over the next couple of years, given projected enrollment trends at The University of Houston and lack of additional new construction in the pipeline.

## EXPOSURE TIME & MARKETING PERIOD

Exposure time is defined as "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market" (The Dictionary of Real Estate Appraisal, Appraisal Institute, 2015). Reasonable exposure time is impacted by the aggressiveness and effectiveness of a property's exposure to market participants, availability and cost of financing, and demand for similar investments. Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

The following information was taken into consideration to develop estimates of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD						
SOURCE	QUARTER	RANGE	Avg	Last Q	Last YR	
PriceWaterhouse Coopers						
National Apartment Market	1Q 21	1.0 to 12.0	5.3	5.3	3.9	
<b>AVERAGE</b>		<b>1.0 to 12.0</b>	<b>5.3</b>	<b>5.3</b>	<b>3.9</b>	

The availability of acquisition financing factors into exposure time. In recent quarters, financing has been available for well-positioned commercial real estate, particularly for stabilized assets within core MSAs and owner/user deals. For second tier or marginal properties, financing has been available but subject to more stringent requirements. Based on review of the local capital market, we conclude that adequate financing options would have been available to consummate a sale of the property on the date of value.

### Exposure Time Conclusion

The preceding information generally supports an exposure time range from 3 to 6 months for Multifamily (Student Apartment) properties. The subject property is of average/good quality and is in average/good condition. Based on its overall physical and locational characteristics, the subject has average overall appeal to investors. Considering these factors, a reasonable estimate of exposure time for the subject property is six months or less.

### Marketing Period Conclusion

Marketing period is very similar to exposure time, but reflects a projected time period to sell the property, rather than a retrospective estimate. We have reviewed open listings and discussed the market with local participants, and given the nature of the subject property, we feel that a time period of six months or less is supported for the subject's marketing period.

## INTRODUCTION

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. This section develops the highest and best use of the subject property As-Vacant and As-Improved.

### AS-VACANT ANALYSIS

#### Legal Factors

The legal factors that possibly influence the highest and best use of the subject site are discussed in this section. Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. The subject is not zoned. Thus, the potential use that meets the requirements of the legal permissibility test is open to any development.

#### Physical & Locational Factors

Regarding physical characteristics, the subject site is irregular in shape and has level topography with average access and average exposure. The subject is surrounded by a variety of multifamily residential and commercial uses. Given the subject's location and surrounding uses, the subject site is desirable for residential development. Although a mixed-use area, residential is a suitable use with a significant amount of supporting retail and commercial uses in the immediate area. Of the outright permitted uses, physical and locational features best support development of a multifamily residential property as market conditions warrant for the site's highest and best use as-vacant.

#### Feasibility Factors

The financial feasibility of those uses that meet the legal and physical tests discussed is analyzed further in this section. Supply and demand conditions affect the financial feasibility of possible uses. Indicators of feasibility, which typically indicate favorable or non-favorable supply and demand conditions, include construction financing and proposed projects. Financial feasibility factors generally do not support immediate development of the subject site. If the market continues to improve with stronger demand, development of the subject site may be feasible within the next few years.

#### As-Vacant Conclusion

Based on the previous discussion, the subject's highest and best use as-vacant is concluded to be development of a multifamily residential property as market conditions warrant.

### AS-IMPROVED ANALYSIS

#### Legal Factors

The subject's Multifamily (Student Apartment) use (as-improved) is permitted outright. The subject improvements are considered a legal conforming use.

#### Physical & Locational Factors

The physical and location characteristics of the subject improvements have been previously discussed in this report. In summary, the subject's improvements were constructed in 2014 and have a remaining economic life of 50 years based on our estimate. The project is of average/good quality construction and in average/good condition, with adequate service amenities. The subject improvements as-improved are sufficiently supported by site features including its irregular shape, level topography, average access and average exposure. Further, the subject's location supports the subject improvements as-improved with similar and homogeneous developments present in the subject's immediate market area. Physical and location factors influencing the highest and best use of the property support the subject's use as-improved.

## Alternative Uses & Feasibility Factors

In addition to legal and physical considerations, analysis of the subject property as-improved requires the treatment of two important issues: 1) consideration of alternative uses for the property; and 2) the marketability of the most probable use. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use as-improved.

- › **Demolition** The subject improvements contribute significant value above the current land value. Therefore, demolition is not applicable in this case.
- › **Expansion** The subject property comprises approximately 1.84 acres (80,244 SF) and is improved with a Multifamily (Student Apartment). The subject site does not contain additional site area for expansion; therefore, expansion of the subject is not considered a viable option.
- › **Renovation** The subject property is approximately 7 years old and is in average/good condition. Renovation, in the form of capital expenditures, would not increase the rent levels or value appreciably. For this reason, renovation is not appropriate at the current time.
- › **Conversion** Conversion is neither appropriate nor applicable to this property.
- › **Continued Use "As-Is"** The final option is the continued use of the property "As-Is." This is legal, physically possible, and financially feasible. Therefore, continued use, a Multifamily (Student Apartment) is considered appropriate.

Among the five alternative uses, the subject's use as-improved is supported to be its Highest and Best Use.

## Marketability Factors

As previously indicated in the Market Analysis, the subject property has average marketability. The condition of the property reflects average/good maintenance and appeal. In general apartment supply/demand conditions and immediate market area trends support viable short and long-term operations of the subject's use as-improved. Based on our analysis of the subject property and investigation of comparable properties in the marketplace, the subject is considered to have average tenant appeal. Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject is considered to have average overall buyer appeal with an average competitive position if the asset was exposed to the open market.

## As-Improved Conclusion

Legal, physical, and market considerations have been analyzed to evaluate the highest and best use of the property. This analysis is presented to evaluate the type of use that will generate the greatest level of future benefits possible from the property. Based on the previous discussion, the highest and best use of the subject property as-improved is concluded to be continued use as a multifamily residential property.

## INTRODUCTION

The following presentation of the appraisal process deals directly with the valuation of the subject property. The following paragraphs describe the standard approaches to value that were considered for this analysis.

### INCOME APPROACH

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Direct Capitalization and Effective Gross Income Multiplier.

- **Direct Capitalization**

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

- **Effective Gross Income Multiplier**

Also known as the EGIM, this method is appropriate within the Income Approach because it is recognized that purchasers are concerned with the income-producing ability of the property. The EGIM is derived by dividing the effective gross annual income of each comparable into the sales price. The EGIM has the advantages of simplicity and easy calculation. It is based on the premise that rents and sales prices move in the same direction and, essentially, in the same proportion as do net income and sales prices. The EGIM is typically used without adjustments. The final selection of an effective income multiplier is based upon the applicability of each comparable and a range is established.

Development of the Income Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique is developed. The subject is an investment property; therefore, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. Direct Capitalization and the EGIM method are both applicable and developed within this analysis. The resulting opinions of value are correlated into a final value by the Income Approach.

### SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, which asserts that no one would pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments in order to bracket the subject property on an appropriate unit value comparison. The sales comparison approach is applicable when sufficient data on recent market transactions is available. Alternatively, this approach may offer limited reliability because many properties have unique characteristics that cannot be accounted for in the adjustment process.

Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique to be developed. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

## LAND VALUATION

Development land in the subject marketplace is most often valued utilizing the Sales Comparison Approach. Development of the subject site value is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that a site value is developed. Therefore, this appraisal does not provide valuation of the subject site.

## COST APPROACH

The Cost Approach is a set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised. For investment properties, this valuation technique is most often relied upon as a test of financial feasibility for proposed construction.

Development of the Cost Approach is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that this valuation technique is developed. The Cost Approach has limited applicability due to the age of the improvements and lack of market based data to support an estimate of accrued depreciation. Based on the preceding information, the Cost Approach will not be presented.

## RECONCILIATION OF VALUE CONCLUSIONS

The Income (Direct Capitalization & EGIM) and Sales Comparison approaches are used to value the subject property, which will be reconciled into the final opinions of market value in the Analysis of Value Conclusions section.

## INTRODUCTION

The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental methods of this valuation technique include Direct Capitalization and Effective Gross Income Multiplier.

### Direct Capitalization

This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

### Discounted Cash Flow (DCF)

The DCF analysis models a property's performance over a buyer's investment horizon from the current as is status of the property, to projected stabilization of operations and through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

### Effective Gross Income Multiplier

Also known as the EGIM, this method is appropriate within the Income Approach because it is recognized that purchasers are concerned with the income-producing ability of the property. The EGIM is derived by dividing the effective gross annual income of each comparable into the sales price. The EGIM has the advantages of simplicity and easy calculation. It is based on the premise that rents and sales prices move in the same direction and, essentially, in the same proportion as do net income and sales prices. The EGIM is typically used without adjustments. The final selection of an effective income multiplier is based upon the applicability of each comparable and a range is established.

Given the appraisal problem and defined scope of work, the following table summarizes the value scenarios and Income Approach methods developed within this appraisal report:

INCOME APPROACH VALUE SCENARIOS			
VALUE SCENARIO	METHODS USED		
	DIRECT CAP	DCF	EGIM
As-Is Market Value	✓		✓
Prospective Value Upon Stabilization	✓		✓

As previously discussed within the Valuation Methods section, Direct Capitalization and EGIM analysis are used in this appraisal, and the Discounted Cash Flow method is not developed.

## Income Approach Framework

The following identifies the primary sections and order in which the Income Approach is developed.

- › Subject Income History
- › Apartment Rent Analysis
- › Income & Expense Analysis
- › Investment Market Analysis
- › Direct Capitalization
- › Effective Gross Income Analysis
- › Income Approach Reconciliation

## Subject Income History/Concessions

Over the past year, the subject has offered various types of concessions. Currently, the property is not offering any concessions.

## SUBJECT LEASING INFORMATION

UNIT TYPE	UNIT SUMMARY			AVG UNIT			BED % OCC-UPIED			UNIT % OCC-UPIED			ASKING RENT			ACTUAL RENT			RECENT LEASES				
	OCC	VAC	TOT	OF TOTAL	NRA	SF	BED SUMMARY OCC	VAC	BEDS	PER BED	PER UNIT	TOTAL \$/MO	Avg \$/SF	PER UNIT AVERAGE	PER BED AVERAGE	TOTAL \$/MO	Avg \$/SF	PER UNIT AVERAGE	NUM LEASES	PER BED AVERAGE	Avg \$/SF		
Efficiency, WDP	2.00	3.00	5	4.3%	350	1,750	2	3	5	40%	40%	\$1,100	\$1,100	\$5,500	\$3.14	\$903	\$903	\$1,805	\$2.58	-	0		
Efficiency, WDP	2.00	3.00	5	4.3%	358	1,790	2	3	5	40%	40%	\$1,140	\$1,140	\$5,700	\$3.18	\$916	\$916	\$1,831	\$2.56	-	0		
1 Bed / 1 Bath, WDP	4.00	1.00	5	4.3%	488	2,440	4	1	5	80%	80%	\$1,315	\$1,315	\$6,575	\$2.69	\$1,162	\$1,162	\$4,648	\$2.38	-	0		
1 Bed / 1 Bath, WDP	4.00	1.00	5	4.3%	501	2,505	4	1	5	80%	80%	\$1,350	\$1,350	\$6,750	\$2.69	\$1,124	\$1,124	\$4,495	\$2.24	-	0		
2 Bed / 2 Bath, WDP	12.50	0.50	13	11.3%	794	10,322	25	1	26	96%	96%	\$1,444	\$722	\$18,772	\$1.82	\$1,703	\$851	\$21,286	\$2.14	\$1,504	2	\$752	\$1.89
2 Bed / 2 Bath, WDP	3.00	2.00	5	4.3%	853	4,265	6	4	10	60%	60%	\$1,604	\$802	\$8,020	\$1.88	\$1,701	\$851	\$5,103	\$1.99	-	0	-	-
2 Bed / 2 Bath, WDP	2.50	2.50	5	4.3%	945	4,725	5	5	10	50%	50%	\$1,772	\$886	\$8,860	\$1.88	\$1,698	\$849	\$4,245	\$1.80	-	0	-	-
2 Bed / 2 Bath, WDP	1.50	1.50	3	2.6%	937	2,811	3	3	6	50%	50%	\$1,830	\$915	\$5,490	\$1.95	\$1,737	\$869	\$2,606	\$1.85	\$1,513	1	\$757	\$1.61
3 Bed / 3 Bath, WDP	0.00	1.00	1	0.9%	1,060	1,060	0	3	3	0%	0%	\$2,631	\$877	\$2,631	\$2.48	N/A	-	-	-	0	-	-	
2 Bed / 2 Bath, Dbl Occ, WDP	2.75	7.25	10	8.7%	1,082	10,820	11	29	40	28%	28%	\$2,220	\$555	\$22,200	\$2.05	\$2,529	\$632	\$6,954	\$2.34	\$2,456	2	\$614	\$2.27
4 Bed / 4 Bath, WDP	4.50	0.50	5	4.3%	1,336	6,680	18	2	20	90%	90%	\$2,608	\$652	\$13,040	\$1.95	\$2,900	\$725	\$13,049	\$2.17	\$2,760	2	\$690	\$2.07
4 Bed / 4 Bath, WDP	3.75	1.25	5	4.3%	1,460	7,300	15	5	20	75%	75%	\$2,740	\$685	\$13,700	\$1.88	\$2,823	\$706	\$10,588	\$1.93	\$2,797	3	\$699	\$1.92
4 Bed / 4 Bath, WDP	21.50	7.50	29	25.2%	1,244	36,076	86	30	116	74%	74%	\$2,600	\$650	\$75,400	\$2.09	\$2,837	\$709	\$61,001	\$2.28	\$2,825	14	\$706	\$2.27
4 Bed / 4 Bath, WDP	3.25	1.75	5	4.3%	1,219	6,095	13	7	20	65%	65%	\$2,600	\$650	\$13,000	\$2.13	\$2,866	\$717	\$9,315	\$2.35	-	0	-	-
4 Bed / 4 Bath, WDP	6.00	8.00	14	12.2%	1,573	22,022	24	32	56	43%	43%	\$2,900	\$725	\$40,600	\$1.84	\$3,135	\$784	\$18,811	\$1.99	\$3,096	8	\$774	\$1.97
<b>TOTAL/AVG</b>	<b>73</b>	<b>42</b>	<b>115</b>	<b>100%</b>	<b>1,049</b>	<b>120,661</b>	<b>218</b>	<b>129</b>	<b>347</b>	<b>62.8%</b>	<b>63.7%</b>	<b>\$2,141</b>	<b>\$710</b>	<b>\$246,238</b>	<b>\$2.04</b>	<b>\$2,263</b>	<b>\$760</b>	<b>\$165,735</b>	<b>\$2.17</b>	<b>\$2,739</b>	<b>32</b>	<b>\$720</b>	<b>\$2.11</b>

RECENT LEASES AS OF JANUARY 1, 2021 THROUGH JUNE 21, 2021

## Subject Utility Structure

- › Water / Sewer - Included in the rent
- › Trash Removal - Included in the rent
- › Gas – No gas service at the subject property
- › Electricity – Included in the rent up to a cap of \$25/month per resident
- › Cable - Included in the rent
- › Internet - Included in the rent

## ANALYSIS OF RENT COMPARABLES

### Unit of Comparison

The analysis is conducted on a rent per month basis, reflecting market behavior. This unit of comparison is predominantly used in this market.

### Selection of Comparables

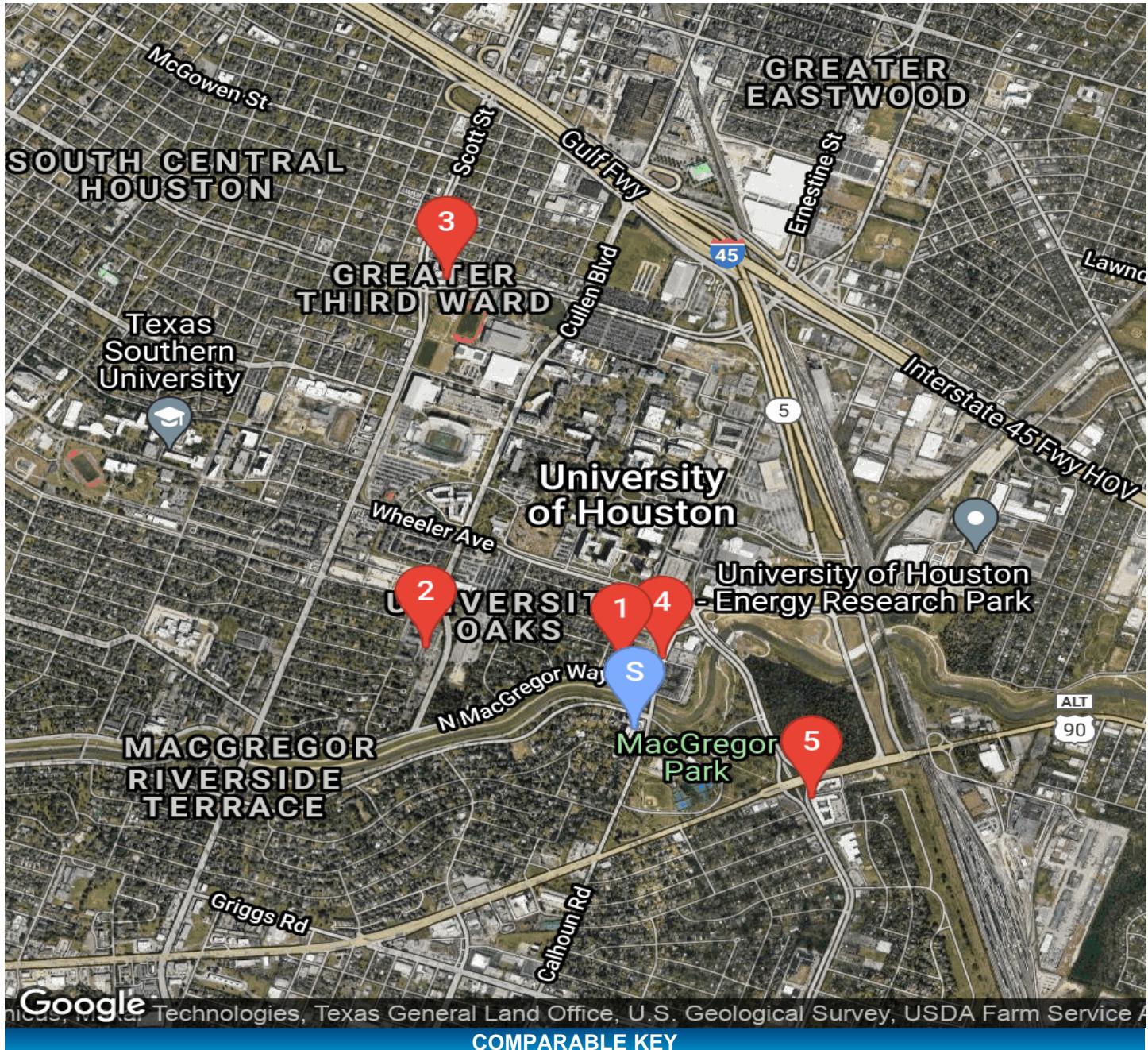
A complete search of the area was conducted in order to find the most comparable complexes in terms of age, appeal, condition, number of units, and amenities. The rent comparables are located in the subject's local market area, and each leased on a "per bed" basis. The subject is in average/good condition with average/good appeal for the market area considering its vintage. The comparables selected in this analysis are rated fairly similar properties to the subject property.

**Presentation**

The following presentation summarizes the comparables most similar to the subject property. A Rent Comparable Summation Table, Rent Comparable Location Map, Data Sheets, and analysis of the rent comparables is presented on the following pages.

RENT SUMMATION TABLE						
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5
Name	Vue on MacGregor	Campus Vue	Cullen Oaks	The Icon and The Lofts at The Icon	Tower 5040	The Proper
Address	4460 South MacGregor Way	4459 North MacGregor Way	4600 Cullen Boulevard	3509 Elgin Street	5040 Calhoun Road	4971 Martin Luther King Jr., Boulevard
City	Houston	Houston	Houston	Houston	Houston	Houston
State	TX	TX	TX	TX	TX	TX
Zip	77021	77004	77004	77004	77004	77021
PHYSICAL INFORMATION						
Project Design	Mid-Rise	Mid-Rise	Garden	Mid-Rise	Mid-Rise	Mid-Rise
Number of Units	115	145	411	344	147	235
NRA	120,661	159,103	278,030	300,664	108,660	243,690
Year Built	2014	2015	2007	2017/20	2020	2016
Average SF/Unit	1,049	1,097	676	874	739	1,037
Location	Fair/Average	Fair/Average	Fair/Average	Fair/Average	Fair/Average	Fair/Average
Appeal	Average/Good	Average/Good	Average	Average/Good	Average/Good	Average/Good
Quality	Average/Good	Average/Good	Average	Average/Good	Average/Good	Average/Good
Condition	Average/Good	Average/Good	Average	Average/Good	Good	Average/Good
RENT INFORMATION						
Occupancy	62.8%	77.0%	13.2%	78.7%	83.7%	58.0%
Rent Type	Student	Student	Student	Student	Student	Student
\$/Unit Average	\$2,141	\$2,685	\$1,643	\$2,282	\$2,261	\$1,953
\$/Bed Average	\$760	\$952	\$843	\$976	\$1,023	\$772
\$/SF Average	\$2.04	\$2.45	\$2.43	\$2.61	\$3.06	\$1.88
E BD \$/Unit Avg	\$909	-	\$1,006	\$1,286	\$1,299	-
1 BD \$/Unit Avg	\$1,143	\$1,445	\$1,064	\$1,449	\$1,799	\$1,357
2 BD \$/Unit Avg	\$1,806	\$2,445	\$1,616	\$1,925	\$2,615	\$1,720
3 BD \$/Unit Avg	-	-	-	\$2,925	-	\$2,297

## RENT COMPARABLE LOCATION MAP



## COMPARABLE KEY

COMP	NAME	ADDRESS	OCC %	AVG SF/UNIT	\$/SF AVG	\$/UNIT AVG
SUBJECT	Vue on MacGregor	4460 South MacGregor Way, Houston, TX	62.8%	1,049	\$2.04	\$2,141
No. 1	Campus Vue	4459 North MacGregor Way, Houston, TX	77.0%	1,097	\$2.45	\$2,685
No. 2	Cullen Oaks	4600 Cullen Boulevard, Houston, TX	13.2%	676	\$2.43	\$1,643
No. 3	The Icon	3509 Elgin Street, Houston, TX	78.7%	996	\$2.59	\$2,578
No. 4	Tower 5040	5040 Calhoun Road, Houston, TX	83.7%	739	\$3.06	\$2,261
No. 5	The Proper	4971 Martin Luther King Jr., Boulevard, Houston, TX	58.0%	1,037	\$1.88	\$1,953

**COMPARABLE 1****LOCATION INFORMATION**

Name	Campus Vue
Address	4459 North MacGregor Way
City, State, Zip Code	Houston, TX, 77004
MSA	Houston-The Woodlands-Sugar Land, TX

**PHYSICAL INFORMATION**

Project Design	Mid-Rise
Number of Units	145
Year Built	2015
Net Rentable Area (NRA)	159,103
Average Unit Size (SF)	1,097
Rent Type	Student
Location	Fair/Average
Quality	Average/Good
Condition	Average/Good
Project Amenities	Fitness Center, Swimming Pool, Game Room, BBQ/Picnic Area, Electronic Gate, Rooftop Area, Clubhouse, Elevators

**Unit Amenities**

Microwave, Ceiling Fans, Balcony/Patio, Fees & Deposits  
Walk-in Closets, Premium Countertops,  
Premium Appliances, Washer/Dryer In- Concessions  
Unit, Furnished, Parking Garage

**CAMPUS VUE****OCCUPANCY / ABSORPTION**

Vacant Units	33
Occupancy Rate	77%
Fees & Deposits	N/Av
Concessions	Reduced rates presented below

**CONFIRMATION**

Name	Confidential
Source	Confidential
Date	06/22/2021

**REMARKS**

This comparable is located along the north line of North MacGregor Way, just west of Calhoun Road. All units are fully furnished with a bed, mattress, night stand, dresser, desk and chair, couch, coffee table, end table, dining table and chairs, and entertainment center with a 50" flat screen television. In addition, each unit features a stackable or full-size washer/dryer provided. The owner pays all utilities including cable and internet. There is an additional charge of \$45/month for the community parking garage. The property is reportedly 62% pre-leased for the Fall 2021 semester.

**Parking**

Parking Garage

**UTILITIES****INCL. IN RENT    NOT INCL. IN RENT**

Electricity	✓	
Water	✓	
Sewer	✓	
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite	✓	
High-Speed Internet	✓	

**UNIT MIX**

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
1 Bed / 1 Bath	5	341			\$1,265
1 Bed / 1 Bath	15	494			\$1,495
1 Bed / 1 Bath	5	524			\$1,475
2 Bed / 2 Bath	20	776			\$2,200
2 Bed / 2 Bath, Dbl Occ	14	1088			\$2,796
4 Bed / 4 Bath	86	1356			\$3,140

CONTINUED

DAL210584

**COMPARABLE 2****LOCATION INFORMATION**

Name	Cullen Oaks
Address	4600 Cullen Boulevard
City, State, Zip Code	Houston, TX, 77004
MSA	Houston-The Woodlands-Sugar Land, TX

**PHYSICAL INFORMATION**

Project Design	Garden
Number of Units	411
Year Built	2007
Net Rentable Area (NRA)	278,030
Average Unit Size (SF)	676
Rent Type	Student
Location	Fair/Average
Quality	Average
Condition	Average
Project Amenities	Common Laundry, Swimming Pool, Clubhouse, Fitness Center, Business Center, BBQ/Picnic Area, Sport Court, Game Room, Electronic Gate
Unit Amenities	Microwave, Complete Appliance Package, Ceiling Fans, Balcony/Patio, Premium Flooring, Furnished, Parking Garage

**CULLEN OAKS****OCCUPANCY / ABSORPTION**

Vacant Units	357
Occupancy Rate	13%
Fees & Deposits	N/Av
Concessions	None

**CONFIRMATION**

Name	Confidential
Source	Confidential
Date	06/22/2021

Parking Open Surface, and Parking Garage

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity	✓	
Water	✓	
Sewer	✓	
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite	✓	
High-Speed Internet	✓	

**UNIT MIX**

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
Efficiency	50	317			\$1,006
2 Bed / 1 Bath	50	502			\$1,019
1 Bed / 1 Bath	50	528			\$1,064
2 Bed / 1 Bath	50	684			\$1,398
2 Bed / 2 Bath	50	732			\$1,822
2 Bed / 2 Bath	50	771			\$1,850
2 Bed / 2 Bath	50	798			\$1,876
2 Bed / 2 Bath	11	880			\$2,150
4 Bed / 2 Bath	50	1035			\$2,996

**REMARKS**

This comparable is located along the west line of Cullen Boulevard, just south of Wheeler Avenue. Furnished units are available with a bed, mattress, night stand, dresser, desk and chair, couch, coffee table, end table, built-in dining table with chairs, and Phase II includes a television. There is no additional charge for the community parking garage. Internet, cable TV, water/sewer, trash, and a monthly electricity allowance of \$25-\$40 are included.

CONTINUED

DAL210584

**COMPARABLE 3****LOCATION INFORMATION**

Name	The Icon and The Lofts at The Icon
Address	3509 Elgin Street
City, State, Zip Code	Houston, TX, 77004
MSA	Houston-The Woodlands-Sugar Land, TX

**PHYSICAL INFORMATION**

Project Design	Mid-Rise
Number of Units	344
Year Built	2017 / 2020
Net Rentable Area (NRA)	300,664
Average Unit Size (SF)	874
Rent Type	Student
Location	Fair/Average
Quality	Average/Good
Condition	Average/Good
Project Amenities	Clubhouse, Swimming Pool, Fitness Center, Business Center, BBQ/Picnic Area, Game Room, Electronic Gate

Unit Amenities	Microwave, Ceiling Fans, Walk-in Closets, Premium Flooring, Premium Countertops, Premium Appliances, Furnished, Washer/Dryer In-Unit, Parking Garage
----------------	--

Parking	Parking Garage
---------	----------------

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity	✓	
Water	✓	
Sewer	✓	
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite	✓	
High-Speed Internet	✓	

**UNIT MIX**

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
Efficiency, Icon	15	399			\$1,275
1 Bed / 1 Bath, Icon	15	591			\$1,399
2 Bed / 1 Bath, Icon	10	591			\$1,550
2 Bed / 2 Bath, Icon	15	931			\$2,308
4 Bed / 2 Bath, Icon	25	1064			\$2,796
4 Bed / 4 Bath, Icon	50	1362			\$3,500
Efficiency, Lofts	44	399			\$1,275
Efficiency, Lofts	18	430			\$1,275
Efficiency, Lofts	5	430			\$1,300
Efficiency, Lofts	5	489			\$1,350
Efficiency, Lofts	5	511			\$1,375
1 Bed / 1 Bath, Lofts	22	591			\$1,475
2 Bed / 1 Bath, Lofts	18	617			\$1,550
1 Bed / 1 Bath, Lofts	7	567			\$1,475
2 Bed / 2 Bath, Lofts	10	970			\$2,398
4 Bed / 2 Bath, Lofts	30	1064			\$2,796
3 Bed / 3 Bath, Lofts	22	1125			\$2,925
4 Bed / 4 Bath, Lofts	18	1362			\$3,500
5 Bed / 5 Bath, Lofts	10	1983			\$4,475

**THE ICON AND THE LOFTS AT THE ICON****OCCUPANCY / ABSORPTION**

Vacant Units	28 (Icon portion)
Occupancy Rate	79% (Icon portion)
Fees & Deposits	N/Av
Concessions	Discounted rates

**CONFIRMATION**

Name	Confidential
Source	Confidential
Date	06/22/2021

**REMARKS**

This comparable is located at the northeast corner of Elgin Street and Scott Street, one-half mile south of Interstate 45. The entire property consists of two phases. The original portion (The Icon) was constructed in 2017. Phase 2 (Icon Lofts) was completed at the end of 2020 and is still in the lease-up phase. Currently The Icon is 78.68% occupied, but reportedly 82.11% pre-leased. The Lofts is 64.47% occupied and 71.49% pre-leased. All of the units are fully furnished (including television) and come with a full-size washer/dryer provided. Tenants pay \$35/month for an open parking space and \$60/month for a reserved space in the community parking garage. The discounted rates are presented below for analysis purposes.

CONTINUED

DAL210584

**COMPARABLE 4****LOCATION INFORMATION**

Name	Tower 5040
Address	5040 Calhoun Road
City, State, Zip Code	Houston, TX, 77004
MSA	Houston-The Woodlands-Sugar Land, TX

**PHYSICAL INFORMATION**

Project Design	Mid-Rise
Number of Units	147
Year Built	2020
Net Rentable Area (NRA)	108,660
Average Unit Size (SF)	739
Rent Type	Student
Location	Fair/Average
Quality	Average/Good
Condition	Good
Project Amenities	Fitness Center, Spa/Sauna, Business Center, Game Room, BBQ/Picnic Area, Dog Park, Elevators, Swimming Pool, Electronic Gate, Clubhouse

Unit Amenities	Microwave, Ceiling Fans, Balcony/Patio, Walk-in Closets, Premium Countertops, Premium Flooring, Premium Appliances, Furnished, Washer/Dryer In-Unit, Parking Garage
----------------	---

Parking	Parking Garage
---------	----------------

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water	✓	
Hot Water		✓
Sewer	✓	
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite	✓	
High-Speed Internet	✓	

**UNIT MIX**

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
Efficiency	29	374			\$1,299
Efficiency	15	375			\$1,299
Efficiency	10	387			\$1,299
Efficiency	10	414			\$1,299
1 Bed / 1 Bath	13	507			\$1,799
2 Bed / 2 Bath	21	813			\$2,748
2 Bed / 2 Bath	5	825			\$1,998
2 Bed / 2 Bath	3	836			\$2,198
2 Bed / 2 Bath, Dbl Occ	4	1066			\$3,000
4 Bed / 4 Bath	5	1290			\$3,796
4 Bed / 4 Bath	10	1324			\$3,520
4 Bed / 4 Bath	5	1335			\$4,740
4 Bed / 4 Bath	2	1344			\$3,556
4 Bed / 4 Bath	10	1367			\$3,560
4 Bed / 4 Bath	5	1379			\$3,796

**TOWER 5040****OCCUPANCY / ABSORPTION**

Vacant Units	24
Occupancy Rate	84%
Fees & Deposits	N/Av
Concessions	None

**CONFIRMATION**

Name	Confidential
Source	Confidential

**DATE**

06/22/2021

**REMARKS**

This comparable is located along the west line of Calhoun Road, just southwest of Martin Luther King Jr. Boulevard. The property is newly constructed and began preleasing on November 1st, 2019. The improvements were completed on July 15th, 2020, the date on which the first residents moved in. Currently the property is 95.6% leased. Each of the units is fully furnished (including television) and come with a stackable or full-size washer/dryer provided. Tenants pay \$50/month for a reserved space in the community parking garage.

CONTINUED

DAL210584

**COMPARABLE 5****LOCATION INFORMATION**

Name	The Proper
Address	4971 Martin Luther King Jr., Boulevard
City, State, Zip Code	Houston, TX, 77021
MSA	Houston-The Woodlands-Sugar Land, TX

**PHYSICAL INFORMATION**

Project Design	Mid-Rise
Number of Units	235
Year Built	2016
Net Rentable Area (NRA)	243,690
Average Unit Size (SF)	1,037
Rent Type	Student
Location	Fair/Average
Quality	Average/Good
Condition	Average/Good
Project Amenities	Sport Court, Swimming Pool, Clubhouse, Fitness Center, Tanning, Business Center, BBQ/Picnic Area, Game Room, Electronic Gate, Dog Park

Unit Amenities	Microwave, Balcony/Patio, Premium Countertops, Premium Appliances, Washer/Dryer Hookups, Parking Garage, Complete Appliance Package, Ceiling Fans, Walk-in Closets, Premium Flooring, Open Parking
----------------	--

Parking	Open Parking
---------	--------------

UTILITIES	INCL. IN RENT	NOT INCL. IN RENT
Electricity		✓
Water		✓
Hot Water		✓
Sewer		✓
Garbage	✓	
Telephone		✓
Gas		✓
Cable/Satellite	✓	
High-Speed Internet	✓	

**UNIT MIX**

DESCRIPTION	UNITS	SIZE	LOW	HIGH	AVG RENT
1 Bed / 1 Bath	35	630			\$1,357
2 Bed / 2 Bath	30	870			\$1,815
2 Bed / 2 Bath	30	877			\$1,696
2 Bed / 2 Bath	20	911			\$1,769
2 Bed / 2 Bath	20	913			\$1,659
2 Bed / 2 Bath	20	940			\$1,623
3 Bed / 3 Bath	20	1272			\$2,283
4 Bed / 4 Bath	20	1372			\$2,677
4 Bed / 4 Bath	10	1396			\$2,640
4 Bed / 4 Bath	10	1436			\$2,801
4 Bed / 4 Bath	10	1498			\$2,820

**THE PROPER****OCCUPANCY / ABSORPTION**

Vacant Units	99
Occupancy Rate	58%
Fees & Deposits	N/Av
Concessions	1 month free on all floorplans

**CONFIRMATION**

Name	Confidential
Source	Confidential
Date	06/22/2021

**REMARKS**

This comparable is located at the southeast corner of Old Spanish Trail and Martin Luther King Jr. Boulevard. All units are fully furnished with a bed, mattress, night stand, dresser, desk and chair, couch, coffee table, end table, dining table and chairs, and entertainment center. In addition, each unit features a full-size washer/dryer provided. The tenants are responsible for electricity and water/sewer, the owner pays all other utilities including cable and internet. There is an additional charge of \$50/month for the community parking garage. The property is 28% preleased for the Fall semester. The rents presented below are net of concessions.

## DISCUSSION OF RENTAL ADJUSTMENTS

Adjustments for differences between the subject property and the comparables can be made quantitatively or qualitatively. Adjustments for some differences can be derived from the market and are addressed below. Other items for which dollar adjustments are more difficult to derive are addressed in the Qualitative Adjustments paragraph.

### Adjustments

The subject property and the comparables vary to some degree in terms of physical characteristics, project amenities, unit amenities, parking, laundry, and utilities. The following grid illustrates the quantitative adjustments applied to the comparables (when necessary) in order to make the comparables similar to the subject in terms of these features.

### RENT COMPARABLE ADJUSTMENT TABLE

	\$ ADJ.	SUBJECT	COMP 1		COMP 2		COMP 3		COMP 4		COMP 5	
<b>PHYSICAL PROJECT FEATURES</b>												
Age / Condition	\$25	2014	\$0	2007	\$25	2017/20	(\$100)	2020	(\$100)	2016	\$0	
Location	\$25	Fair/Average	Fair/Average	\$0	Fair/Average	\$0	Fair/Average	\$0	Fair/Average	\$0	Fair/Average	\$0
<b>Physical Subtotal Adjustment</b>				\$0		\$25	(\$100)		(\$100)			\$0
<b>PROJECT AMENITIES</b>												
Swimming Pool	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Fitness Center	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Clubhouse	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Electronic Gate	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
<b>Project Amenities Subtotal Adjustment</b>				\$0		\$0		\$0		\$0		\$0
<b>UNIT AMENITIES</b>												
Premium Appliances	\$25	Yes	Yes	\$0	No	\$25	Yes	\$0	Yes	\$0	Yes	\$0
Premium Countertops	\$15	Yes	Yes	\$0	No	\$15	Yes	\$0	Yes	\$0	Yes	\$0
Furnished	\$25	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
<b>Unit Amenities Subtotal Adjustment</b>				\$0		\$40		\$0		\$0		\$0
<b>LAUNDRY</b>												
Washer/Dryer In-Unit	\$30	Yes	Yes	\$0	No	\$30	Yes	\$0	Yes	\$0	Yes	\$0
<b>Laundry Subtotal Adjustment</b>				\$0		\$30		\$0		\$0		\$0
<b>PARKING</b>												
Parking Covered Included	\$50	No	No	\$0	Yes	(\$50)	No	\$0	No	\$0	No	\$0
<b>Parking Subtotal Adjustment</b>				\$0		(\$50)		\$0		\$0		\$0
<b>UTILITIES INCLUDED IN RENT</b>												
Electricity	\$20	Yes	Yes	\$0	Yes	\$0	Yes	\$0	No	\$20	No	\$20
Water	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	No	\$10
Sewer	\$10	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	No	\$10
Garbage	\$5	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Cable	\$25	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
Internet	\$25	Yes	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0	Yes	\$0
<b>Utilities Subtotal Adjustment</b>				\$0		\$0		\$0		\$20		\$40
<b>TOTAL ADJUSTMENTS</b>				\$0		\$45		(\$100)		(\$80)		\$40

**RENT COMPARABLE ADJUSTMENT GRID**

The following tables adjust the comparables to the subject property quantitatively.

CONTINUED

DAL210584

## RENT COMPARABLE ADJUSTMENT SUMMARY

COMPARABLE 1	UNITS/UNIT	SIZE	\$/UNIT	\$/BED	ADJUSTMENTS						TOTAL	ADJUSTED			
					PHYSICAL	PROJECT	UNIT	LAUNDRY	PARKING	UTILITIES		ADJ	\$/UNIT	\$/BED	\$/SF
1 Bed / 1 Bath	5	1	341	\$1,265	\$1,265	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,265	\$1,265	\$3.71
1 Bed / 1 Bath	15	1	494	\$1,495	\$1,495	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,495	\$1,495	\$3.03
1 Bed / 1 Bath	5	1	524	\$1,475	\$1,475	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,475	\$1,475	\$2.81
2 Bed / 2 Bath	20	2	776	\$2,200	\$1,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,200	\$1,100	\$2.84
2 Bed / 2 Bath, Dbl Occ	14	4	1,088	\$2,796	\$699	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,796	\$699	\$2.57
4 Bed / 4 Bath	86	4	1,356	\$3,140	\$785	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,140	\$785	\$2.32
COMPARABLE 2															
Efficiency	50	1	317	\$1,006	\$1,006	\$25	\$0	\$40	\$30	(\$50)	\$0	\$45	\$1,051	\$1,051	\$3.32
2 Bed / 1 Bath	50	2	502	\$1,019	\$510	\$25	\$0	\$40	\$30	(\$50)	\$0	\$45	\$1,064	\$532	\$2.12
1 Bed / 1 Bath	50	1	528	\$1,064	\$1,064	\$25	\$0	\$40	\$30	(\$50)	\$0	\$45	\$1,109	\$1,109	\$2.10
2 Bed / 1 Bath	50	2	684	\$1,398	\$699	\$25	\$0	\$40	\$30	(\$50)	\$0	\$45	\$1,443	\$722	\$2.11
2 Bed / 2 Bath	50	2	732	\$1,822	\$911	\$25	\$0	\$40	\$30	(\$50)	\$0	\$45	\$1,867	\$934	\$2.55
2 Bed / 2 Bath	50	2	771	\$1,850	\$925	\$25	\$0	\$40	\$30	(\$50)	\$0	\$45	\$1,895	\$948	\$2.46
2 Bed / 2 Bath	50	2	798	\$1,876	\$938	\$25	\$0	\$40	\$30	(\$50)	\$0	\$45	\$1,921	\$961	\$2.41
2 Bed / 2 Bath	11	2	880	\$2,150	\$1,075	\$25	\$0	\$40	\$30	(\$50)	\$0	\$45	\$2,195	\$1,098	\$2.49
4 Bed / 2 Bath	50	4	1,035	\$2,996	\$749	\$25	\$0	\$40	\$30	(\$50)	\$0	\$45	\$3,041	\$760	\$2.94
COMPARABLE 3															
Efficiency, Icon	15	1	399	\$1,275	\$1,275	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,175	\$1,175	\$2.94
1 Bed / 1 Bath, Icon	15	1	591	\$1,399	\$1,399	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,299	\$1,299	\$2.20
2 Bed / 1 Bath, Icon	10	2	591	\$1,550	\$775	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,450	\$725	\$2.45
2 Bed / 2 Bath, Icon	15	2	931	\$2,308	\$1,154	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$2,208	\$1,104	\$2.37
4 Bed / 2 Bath, Icon	25	4	1,064	\$2,796	\$699	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$2,696	\$674	\$2.53
4 Bed / 4 Bath, Icon	50	4	1,362	\$3,500	\$875	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$3,400	\$850	\$2.50
Efficiency, Lofts	44	1	399	\$1,275	\$1,275	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,175	\$1,175	\$2.94
Efficiency, Lofts	18	1	430	\$1,275	\$1,275	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,175	\$1,175	\$2.73
Efficiency, Lofts	5	1	430	\$1,300	\$1,300	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,200	\$1,200	\$2.79
Efficiency, Lofts	5	1	489	\$1,350	\$1,350	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,250	\$1,250	\$2.56
Efficiency, Lofts	5	1	511	\$1,375	\$1,375	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,275	\$1,275	\$2.50
1 Bed / 1 Bath, Lofts	22	1	591	\$1,475	\$1,475	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,375	\$1,375	\$2.33
2 Bed / 1 Bath, Lofts	18	2	617	\$1,550	\$775	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,450	\$725	\$2.35
1 Bed / 1 Bath, Lofts	7	1	567	\$1,475	\$1,475	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$1,375	\$1,375	\$2.43
2 Bed / 2 Bath, Lofts	10	2	970	\$2,398	\$1,199	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$2,298	\$1,149	\$2.37
4 Bed / 2 Bath, Lofts	30	4	1,064	\$2,796	\$699	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$2,696	\$674	\$2.53
3 Bed / 3 Bath, Lofts	22	3	1,125	\$2,925	\$975	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$2,825	\$942	\$2.51
4 Bed / 4 Bath, Lofts	18	4	1,362	\$3,500	\$875	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$3,400	\$850	\$2.50
5 Bed / 5 Bath, Lofts	10	5	1,983	\$4,475	\$895	(\$100)	\$0	\$0	\$0	\$0	\$0	(\$100)	\$4,375	\$875	\$2.21
COMPARABLE 4															
Efficiency	29	1	374	\$1,299	\$1,299	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$1,219	\$1,219	\$3.26
Efficiency	15	1	375	\$1,299	\$1,299	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$1,219	\$1,219	\$3.25
Efficiency	10	1	387	\$1,299	\$1,299	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$1,219	\$1,219	\$3.15
Efficiency	10	1	414	\$1,299	\$1,299	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$1,219	\$1,219	\$2.94
1 Bed / 1 Bath	13	1	507	\$1,799	\$1,799	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$1,719	\$1,719	\$3.39
2 Bed / 2 Bath	21	2	813	\$2,748	\$1,374	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$2,668	\$1,334	\$3.28
2 Bed / 2 Bath	5	2	825	\$1,998	\$999	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$1,918	\$959	\$2.32
2 Bed / 2 Bath	3	2	836	\$2,198	\$1,099	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$2,118	\$1,059	\$2.53
2 Bed / 2 Bath, Dbl Occ	4	4	1,066	\$3,000	\$750	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$2,920	\$730	\$2.74
4 Bed / 4 Bath	5	4	1,290	\$3,796	\$949	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$3,716	\$929	\$2.88
4 Bed / 4 Bath	10	4	1,324	\$3,520	\$880	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$3,440	\$860	\$2.60
4 Bed / 4 Bath	5	4	1,335	\$4,740	\$1,185	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$4,660	\$1,165	\$3.49
4 Bed / 4 Bath	2	4	1,344	\$3,556	\$889	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$3,476	\$869	\$2.59
4 Bed / 4 Bath	10	4	1,367	\$3,560	\$890	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$3,480	\$870	\$2.55
4 Bed / 4 Bath	5	4	1,379	\$3,796	\$949	(\$100)	\$0	\$0	\$0	\$0	\$20	(\$80)	\$3,716	\$929	\$2.69
COMPARABLE 5															
1 Bed / 1 Bath	35	1	630	\$1,357	\$1,357	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$1,397	\$1,397	\$2.22
2 Bed / 2 Bath	30	2	870	\$1,815	\$908	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$1,855	\$928	\$2.13
2 Bed / 2 Bath	30	2	877	\$1,696	\$848	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$1,736	\$868	\$1.98
2 Bed / 2 Bath	20	2	911	\$1,769	\$885	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$1,809	\$905	\$1.99
2 Bed / 2 Bath	20	2	913	\$1,659	\$830	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$1,699	\$850	\$1.86
2 Bed / 2 Bath	20	2	940	\$1,623	\$812	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$1,663	\$832	\$1.77
3 Bed / 3 Bath	20	3	1,272	\$2,283	\$761	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$2,323	\$774	\$1.83
4 Bed / 4 Bath	20	4	1,372	\$2,677	\$669	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$2,717	\$679	\$1.98
4 Bed / 4 Bath	10	4	1,396	\$2,640	\$660	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$2,680	\$670	\$1.92
4 Bed / 4 Bath	10	4	1,436	\$2,801	\$700	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$2,841	\$710	\$1.98
4 Bed / 4 Bath	10	4	1,498	\$2,820	\$705	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$2,860	\$715	\$1.91
3 Bed / 3 Bath	10	3	1,777	\$2,324	\$775	\$0	\$0	\$0	\$0	\$0	\$40	\$40	\$2,364	\$788	\$1.33

## MARKET RENT ANALYSIS

The following tables summarize the various indicators of market rent, and provide the market rent analysis and conclusions for the subject property (2021-2022 school year).

E BEDROOM UNIT CONCLUSION											
COMP	UNIT TYPE	UNIT SIZE	RENT/MONTH			ADJUSTED RENT/MONTH			NET ADJ %		
			\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF			
2	Efficiency	317	\$1,006	\$1,006	\$3.17	\$1,051	\$1,051	\$3.32	4.5%		
4	Efficiency	374	\$1,299	\$1,299	\$3.47	\$1,219	\$1,219	\$3.26	-6.2%		
3	Efficiency, Lofts	399	\$1,275	\$1,275	\$3.20	\$1,175	\$1,175	\$2.94	-7.8%		
3	Efficiency, Lofts	430	\$1,275	\$1,275	\$2.97	\$1,175	\$1,175	\$2.73	-7.8%		
3	Efficiency, Lofts	430	\$1,300	\$1,300	\$3.02	\$1,200	\$1,200	\$2.79	-7.7%		
3	Efficiency, Lofts	489	\$1,350	\$1,350	\$2.76	\$1,250	\$1,250	\$2.56	-7.4%		
3	Efficiency, Lofts	511	\$1,375	\$1,375	\$2.69	\$1,275	\$1,275	\$2.50	-7.3%		
4	Efficiency	375	\$1,299	\$1,299	\$3.46	\$1,219	\$1,219	\$3.25	-6.2%		
4	Efficiency	387	\$1,299	\$1,299	\$3.36	\$1,219	\$1,219	\$3.15	-6.2%		
3	Efficiency, Icon	399	\$1,275	\$1,275	\$3.20	\$1,175	\$1,175	\$2.94	-7.8%		
4	Efficiency	414	\$1,299	\$1,299	\$3.14	\$1,219	\$1,219	\$2.94	-6.2%		
<b>LOW</b>		317	\$1,006	\$1,006	\$2.69	\$1,051	\$1,051	\$2.50	-7.8%		
<b>HIGH</b>		511	\$1,375	\$1,375	\$3.47	\$1,275	\$1,275	\$3.32	4.5%		
<b>AVERAGE</b>		411	\$1,277	\$1,277	\$3.13	\$1,198	\$1,198	\$2.94	-6.0%		
<b>MEDIAN</b>		399	\$1,299	\$1,299	\$3.17	\$1,219	\$1,219	\$2.94	-7.3%		
SUBJECT ANALYSIS & CONCLUSIONS											
ASKING RENT			ACTUAL RENT			CONCLUDED RENT					
UNITS	UNIT TYPE	SIZE	\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF
5	Efficiency, WDP	350	\$1,100	\$1,100	\$3.14	\$903	\$903	\$2.58	\$925	\$925	\$2.64
5	Efficiency, WDP	358	\$1,140	\$1,140	\$3.18	\$916	\$916	\$2.56	\$925	\$925	\$2.58

The rent comparables range in size from 317 SF to 511 SF, with an average unit size of 411 SF. The rent comparables' unadjusted rent per month ranges from \$1,006 to \$1,375, with an average rent of \$1,277. After applying adjustments to the comparables for differences in amenities, laundry, parking and utilities, the rent comparables' rent per month ranges from \$1,051 to \$1,275, with an average rent of \$1,198. We have relied on the actual recent leasing trends at the subject, and concluded to market rent levels that fall slightly below the adjusted comparable rates. This is considered reasonable based on the fact that the subject units are smaller than all but one of the comparable floor plans. In addition, the subject's excess vacancy also further supports our concluded effective market rates (net of concessions).

CONTINUED

DAL210584

**1 BEDROOM UNIT CONCLUSION**

COMP	UNIT TYPE	UNIT SIZE	RENT/MONTH			ADJUSTED RENT/MONTH			NET ADJ %		
			\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF			
1	1 Bed / 1 Bath	341	\$1,265	\$1,265	\$3.71	\$1,265	\$1,265	\$3.71	0.0%		
1	1 Bed / 1 Bath	494	\$1,495	\$1,495	\$3.03	\$1,495	\$1,495	\$3.03	0.0%		
4	1 Bed / 1 Bath	507	\$1,799	\$1,799	\$3.55	\$1,719	\$1,719	\$3.39	-4.4%		
1	1 Bed / 1 Bath	524	\$1,475	\$1,475	\$2.81	\$1,475	\$1,475	\$2.81	0.0%		
2	1 Bed / 1 Bath	528	\$1,064	\$1,064	\$2.02	\$1,109	\$1,109	\$2.10	4.2%		
3	1 Bed / 1 Bath, Lofts	591	\$1,475	\$1,475	\$2.50	\$1,375	\$1,375	\$2.33	-6.8%		
3	1 Bed / 1 Bath, Lofts	567	\$1,475	\$1,475	\$2.60	\$1,375	\$1,375	\$2.43	-6.8%		
3	1 Bed / 1 Bath, Icon	591	\$1,399	\$1,399	\$2.37	\$1,299	\$1,299	\$2.20	-7.1%		
5	1 Bed / 1 Bath	630	\$1,357	\$1,357	\$2.15	\$1,397	\$1,397	\$2.22	2.9%		
<b>LOW</b>		341	\$1,064	\$1,064	\$2.02	\$1,109	\$1,109	\$2.10	-7.1%		
<b>HIGH</b>		630	\$1,799	\$1,799	\$3.71	\$1,719	\$1,719	\$3.71	4.2%		
<b>AVERAGE</b>		530	\$1,423	\$1,423	\$2.75	\$1,390	\$1,390	\$2.69	-2.0%		
<b>MEDIAN</b>		528	\$1,475	\$1,475	\$2.60	\$1,375	\$1,375	\$2.43	0.0%		
<b>SUBJECT ANALYSIS &amp; CONCLUSIONS</b>											
			ASKING RENT			ACTUAL RENT			CONCLUDED RENT		
UNITS	UNIT TYPE	SIZE	\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF
5	1 Bed / 1 Bath, WDP	488	\$1,315	\$1,315	\$2.69	\$1,162	\$1,162	\$2.38	\$1,200	\$1,200	\$2.46
5	1 Bed / 1 Bath, WDP	501	\$1,350	\$1,350	\$2.69	\$1,124	\$1,124	\$2.24	\$1,200	\$1,200	\$2.40

The rent comparables range in size from 341 SF to 630 SF, with an average unit size of 530 SF. The rent comparables' unadjusted rent per month ranges from \$1,064 to \$1,799, with an average rent of \$1,423. After applying adjustments to the comparables for differences in amenities, laundry, parking and utilities, the rent comparables' rent per month ranges from \$1,109 to \$1,719, with an average rent of \$1,390. Our concluded market rents fall within the adjusted comparable range and represent effective rates (net of concessions).

CONTINUED

DAL210584

## 2 BEDROOM UNIT CONCLUSION

COMP	UNIT TYPE	UNIT SIZE	RENT/MONTH			ADJUSTED RENT/MONTH			NET ADJ %
			\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF	
2	2 Bed / 1 Bath	502	\$1,019	\$510	\$2.03	\$1,064	\$532	\$2.12	4.4%
2	2 Bed / 1 Bath	684	\$1,398	\$699	\$2.04	\$1,443	\$722	\$2.11	3.2%
3	2 Bed / 1 Bath, Icon	591	\$1,550	\$775	\$2.62	\$1,450	\$725	\$2.45	-6.5%
3	2 Bed / 1 Bath, Lofts	617	\$1,550	\$775	\$2.51	\$1,450	\$725	\$2.35	-6.5%
2	2 Bed / 2 Bath	732	\$1,822	\$911	\$2.49	\$1,867	\$934	\$2.55	2.5%
2	2 Bed / 2 Bath	771	\$1,850	\$925	\$2.40	\$1,895	\$948	\$2.46	2.4%
1	2 Bed / 2 Bath	776	\$2,200	\$1,100	\$2.84	\$2,200	\$1,100	\$2.84	0.0%
2	2 Bed / 2 Bath	798	\$1,876	\$938	\$2.35	\$1,921	\$961	\$2.41	2.4%
4	2 Bed / 2 Bath	813	\$2,748	\$1,374	\$3.38	\$2,668	\$1,334	\$3.28	-2.9%
4	2 Bed / 2 Bath	825	\$1,998	\$999	\$2.42	\$1,918	\$959	\$2.32	-4.0%
4	2 Bed / 2 Bath	836	\$2,198	\$1,099	\$2.63	\$2,118	\$1,059	\$2.53	-3.6%
5	2 Bed / 2 Bath	870	\$1,815	\$908	\$2.09	\$1,855	\$928	\$2.13	2.2%
5	2 Bed / 2 Bath	877	\$1,696	\$848	\$1.93	\$1,736	\$868	\$1.98	2.4%
2	2 Bed / 2 Bath	880	\$2,150	\$1,075	\$2.44	\$2,195	\$1,098	\$2.49	2.1%
5	2 Bed / 2 Bath	911	\$1,769	\$885	\$1.94	\$1,809	\$905	\$1.99	2.3%
5	2 Bed / 2 Bath	913	\$1,659	\$830	\$1.82	\$1,699	\$850	\$1.86	2.4%
5	2 Bed / 2 Bath	940	\$1,623	\$812	\$1.73	\$1,663	\$832	\$1.77	2.5%
4	2 Bed / 2 Bath, Dbl Occ	1,066	\$3,000	\$750	\$2.81	\$2,920	\$730	\$2.74	-2.7%
1	2 Bed / 2 Bath, Dbl Occ	1,088	\$2,796	\$699	\$2.57	\$2,796	\$699	\$2.57	0.0%
3	2 Bed / 2 Bath, Icon	931	\$2,308	\$1,154	\$2.48	\$2,208	\$1,104	\$2.37	-4.3%
3	2 Bed / 2 Bath, Lofts	970	\$2,398	\$1,199	\$2.47	\$2,298	\$1,149	\$2.37	-4.2%
LOW		502	\$1,019	\$510	\$1.73	\$1,064	\$532	\$1.77	-6.5%
HIGH		1,088	\$3,000	\$1,374	\$3.38	\$2,920	\$1,334	\$3.28	4.4%
AVERAGE		828	\$1,973	\$917	\$2.38	\$1,961	\$912	\$2.37	-0.3%
MEDIAN		836	\$1,850	\$908	\$2.44	\$1,895	\$928	\$2.37	2.1%

## SUBJECT ANALYSIS &amp; CONCLUSIONS

UNITS	UNIT TYPE	SIZE	ASKING RENT			ACTUAL RENT			CONCLUDED RENT		
			\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF
13	2 Bed / 2 Bath, WDP	794	\$1,444	\$722	\$1.82	\$1,703	\$851	\$2.14	\$1,700	\$850	\$2.14
5	2 Bed / 2 Bath, WDP	853	\$1,604	\$802	\$1.88	\$1,701	\$851	\$1.99	\$1,750	\$875	\$2.05
5	2 Bed / 2 Bath, WDP	945	\$1,772	\$886	\$1.88	\$1,698	\$849	\$1.80	\$1,800	\$900	\$1.90
3	2 Bed / 2 Bath, WDP	937	\$1,830	\$915	\$1.95	\$1,737	\$869	\$1.85	\$1,800	\$900	\$1.92
10	2 Bed / 2 Bath, Dbl Occ, WDP	1,082	\$2,220	\$555	\$2.05	\$2,529	\$632	\$2.34	\$2,400	\$600	\$2.22

The rent comparables range in size from 502 SF to 1,088 SF, with an average unit size of 828 SF. The rent comparables' unadjusted rent/bed per month ranges from \$510 to \$1,374, with an average rent of \$917. After applying adjustments to the comparables for differences in amenities, laundry, parking and utilities, the rent comparables' rent per month ranges from \$532 to \$1,334, with an average rent of \$912 per bed. Our concluded market rents represent effective rates (net of concessions) and are supported by in-place leases and the adjusted comparable rate range.

CONTINUED

DAL210584

3 BEDROOM UNIT CONCLUSION										
COMP	UNIT TYPE	UNIT SIZE	RENT/MONTH			ADJUSTED RENT/MONTH				
			\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF		
3	3 Bed / 3 Bath, Lofts	1,125	\$2,925	\$975	\$2.60	\$2,825	\$942	\$2.51		
5	3 Bed / 3 Bath	1,272	\$2,283	\$761	\$1.79	\$2,323	\$774	\$1.83		
5	3 Bed / 3 Bath	1,777	\$2,324	\$775	\$1.31	\$2,364	\$788	\$1.33		
LOW		1,125	\$2,283	\$761	\$1.31	\$2,323	\$774	\$1.33		
HIGH		1,777	\$2,925	\$975	\$2.60	\$2,825	\$942	\$2.51		
AVERAGE		1,391	\$2,511	\$837	\$1.90	\$2,504	\$835	\$1.89		
MEDIAN		1,272	\$2,324	\$775	\$1.79	\$2,364	\$788	\$1.83		
SUBJECT ANALYSIS & CONCLUSIONS										
ASKING RENT			ACTUAL RENT			CONCLUDED RENT				
UNITS	UNIT TYPE	SIZE	\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF		
1	3 Bed / 3 Bath, WDP	1,060	\$2,631	\$877	\$2.48	N/A	-	\$2,100	\$700	\$1.98

There are only two comparable properties that contain a three bedroom floor plan (Nos. 3 and 5). Also, please note that there is only one unit at the subject of this floor plan, and none of the bedrooms are currently leased. Thus, we have relied on the adjusted rents for the comparables in concluding to the estimated market rent for the subject, which is supported by the fact that the subject floor plan is smaller than the comparables.

CONTINUED

DAL210584

## 4 BEDROOM UNIT CONCLUSION

COMP	UNIT TYPE	UNIT SIZE	RENT/MONTH			ADJUSTED RENT/MONTH			NET ADJ %
			\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF	
2	4 Bed / 2 Bath	1,035	\$2,996	\$749	\$2.89	\$3,041	\$760	\$2.94	1.5%
3	4 Bed / 2 Bath, Icon	1,064	\$2,796	\$699	\$2.63	\$2,696	\$674	\$2.53	-3.6%
3	4 Bed / 2 Bath, Lofts	1,064	\$2,796	\$699	\$2.63	\$2,696	\$674	\$2.53	-3.6%
4	4 Bed / 4 Bath	1,290	\$3,796	\$949	\$2.94	\$3,716	\$929	\$2.88	-2.1%
4	4 Bed / 4 Bath	1,324	\$3,520	\$880	\$2.66	\$3,440	\$860	\$2.60	-2.3%
4	4 Bed / 4 Bath	1,335	\$4,740	\$1,185	\$3.55	\$4,660	\$1,165	\$3.49	-1.7%
4	4 Bed / 4 Bath	1,344	\$3,556	\$889	\$2.65	\$3,476	\$869	\$2.59	-2.2%
1	4 Bed / 4 Bath	1,356	\$3,140	\$785	\$2.32	\$3,140	\$785	\$2.32	0.0%
4	4 Bed / 4 Bath	1,367	\$3,560	\$890	\$2.60	\$3,480	\$870	\$2.55	-2.2%
5	4 Bed / 4 Bath	1,372	\$2,677	\$669	\$1.95	\$2,717	\$679	\$1.98	1.5%
4	4 Bed / 4 Bath	1,379	\$3,796	\$949	\$2.75	\$3,716	\$929	\$2.69	-2.1%
5	4 Bed / 4 Bath	1,396	\$2,640	\$660	\$1.89	\$2,680	\$670	\$1.92	1.5%
5	4 Bed / 4 Bath	1,436	\$2,801	\$700	\$1.95	\$2,841	\$710	\$1.98	1.4%
5	4 Bed / 4 Bath	1,498	\$2,820	\$705	\$1.88	\$2,860	\$715	\$1.91	1.4%
3	4 Bed / 4 Bath, Icon	1,362	\$3,500	\$875	\$2.57	\$3,400	\$850	\$2.50	-2.9%
3	4 Bed / 4 Bath, Lofts	1,362	\$3,500	\$875	\$2.57	\$3,400	\$850	\$2.50	-2.9%
LOW		1,035	\$2,640	\$660	\$1.88	\$2,680	\$670	\$1.91	-3.6%
HIGH		1,498	\$4,740	\$1,185	\$3.55	\$4,660	\$1,165	\$3.49	1.5%
AVERAGE		1,312	\$3,290	\$822	\$2.53	\$3,247	\$812	\$2.49	-1.1%
MEDIAN		1,359	\$3,320	\$830	\$2.62	\$3,270	\$818	\$2.53	-2.1%

## SUBJECT ANALYSIS &amp; CONCLUSIONS

UNITS	UNIT TYPE	SIZE	ASKING RENT			ACTUAL RENT			CONCLUDED RENT		
			\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF	\$/UNIT	\$/BED	\$/SF
5	4 Bed / 4 Bath, WDP	1,336	\$2,608	\$652	\$1.95	\$2,900	\$725	\$2.17	\$2,700	\$675	\$2.02
5	4 Bed / 4 Bath, WDP	1,460	\$2,740	\$685	\$1.88	\$2,823	\$706	\$1.93	\$2,800	\$700	\$1.92
29	4 Bed / 4 Bath, WDP	1,244	\$2,600	\$650	\$2.09	\$2,837	\$709	\$2.28	\$2,700	\$675	\$2.17
5	4 Bed / 4 Bath, WDP	1,219	\$2,600	\$650	\$2.13	\$2,866	\$717	\$2.35	\$2,700	\$675	\$2.21
14	4 Bed / 4 Bath, WDP	1,573	\$2,900	\$725	\$1.84	\$3,135	\$784	\$1.99	\$3,000	\$750	\$1.91

The rent comparables range in size from 1,035 SF to 1,498 SF, with an average unit size of 1,312 SF. The rent comparables' unadjusted rent/bed per month ranges from \$660 to \$1,185, with an average rent of \$822. After applying adjustments to the comparables for differences in amenities, laundry, parking and utilities, the rent comparables' rent per month ranges from \$670 to \$1,165, with an average rent of \$812. Our concluded market rents represent effective rates (net of concessions) and are supported by the fact that the current quoted rents fall below the actual in-place leases. Our concluded rents are also supported by the adjusted rents at Comparable 5, which is located slightly further from the campus.

CONTINUED

DAL210584

## Potential Rental Income

The gross rental income equals the total gross income based the rent conclusions presented previously and is summarized in the following table.

UNIT TYPE	APARTMENT POTENTIAL GROSS INCOME															
	UNITS	BEDS	SF	ASKING RENT			CONTRACT RENT (BLENDED)			CONCLUDED MARKET RENT			CONTRACT V. MARKET			
				\$/UNIT (MO.)	\$/BED (MO.)	MONTHLY	ANNUALLY	\$/UNIT (MO.)	\$/BED (MO.)	MONTHLY	ANNUALLY	\$/UNIT (MO.)	\$/BED (MO.)	MONTHLY	ANNUALLY	
Efficiency, WDP	5	350	\$1,100	\$1,100	\$5,500	\$66,000	\$916	\$903	\$4,580	\$54,960	\$925	\$925	\$4,625	\$55,500	99.0%	
Efficiency, WDP	5	358	\$1,140	\$1,140	\$5,700	\$68,400	\$921	\$916	\$4,606	\$55,272	\$925	\$925	\$4,625	\$55,500	99.6%	
1 Bed / 1 Bath, WDP	5	5	488	\$1,315	\$1,315	\$6,575	\$78,900	\$1,170	\$1,162	\$5,848	\$70,176	\$1,200	\$1,200	\$6,000	\$72,000	97.5%
1 Bed / 1 Bath, WDP	5	5	501	\$1,350	\$1,350	\$6,750	\$81,000	\$1,139	\$1,124	\$5,695	\$68,340	\$1,200	\$1,200	\$6,000	\$72,000	94.9%
2 Bed / 2 Bath, WDP	13	26	794	\$1,444	\$722	\$18,772	\$225,264	\$1,703	\$851	\$22,136	\$265,632	\$1,700	\$850	\$22,100	\$265,200	100.2%
2 Bed / 2 Bath, WDP	5	10	853	\$1,604	\$802	\$8,020	\$96,240	\$1,721	\$851	\$8,603	\$103,236	\$1,750	\$875	\$8,750	\$105,000	98.3%
2 Bed / 2 Bath, WDP	5	10	945	\$1,772	\$886	\$8,860	\$106,320	\$1,749	\$849	\$8,745	\$104,934	\$1,800	\$900	\$9,000	\$108,000	97.2%
2 Bed / 2 Bath, WDP	3	6	937	\$1,830	\$915	\$5,490	\$65,880	\$1,769	\$869	\$5,306	\$63,666	\$1,800	\$900	\$5,400	\$64,800	98.3%
2 Bed / 2 Bath, Dbl Occ, WDP	10	20	1082	\$2,220	\$555	\$22,200	\$266,400	\$2,435	\$632	\$24,354	\$292,242	\$2,400	\$600	\$24,000	\$288,000	101.5%
3 Bed / 3 Bath, WDP	1	3	1060	\$2,631	\$877	\$2,631	\$31,572	-	#VALUE!	\$2,100	\$700	\$2,100	\$2,100	\$25,200		
4 Bed / 4 Bath, WDP	5	20	1336	\$2,608	\$652	\$13,040	\$156,480	\$2,880	\$725	\$14,399	\$172,788	\$2,700	\$675	\$13,500	\$162,000	106.7%
4 Bed / 4 Bath, WDP	5	20	1460	\$2,740	\$685	\$13,700	\$164,400	\$2,818	\$706	\$14,088	\$169,056	\$2,800	\$700	\$14,000	\$168,000	100.6%
4 Bed / 4 Bath, WDP	29	116	1244	\$2,600	\$650	\$75,400	\$904,800	\$2,802	\$709	\$81,251	\$975,012	\$2,700	\$675	\$78,300	\$939,600	103.8%
4 Bed / 4 Bath, WDP	5	20	1219	\$2,600	\$650	\$13,000	\$156,000	\$2,808	\$717	\$14,040	\$168,474	\$2,700	\$675	\$13,500	\$162,000	104.0%
4 Bed / 4 Bath, WDP	14	56	1573	\$2,900	\$725	\$40,600	\$487,200	\$3,058	\$784	\$42,811	\$513,726	\$3,000	\$750	\$42,000	\$504,000	101.9%
<b>TOTAL</b>	<b>115</b>	<b>317</b>		<b>\$2,141</b>	<b>\$710</b>	<b>\$246,238</b>	<b>\$2,954,856</b>	<b>\$2,230</b>	<b>\$739</b>	<b>\$256,460</b>	#VALUE!	<b>\$2,208</b>	<b>\$732</b>	<b>\$253,900</b>	<b>\$3,046,800</b>	<b>101.0%</b>

Contract + Market (Vacant Units Projected At Market Level)

## Rent Roll Analysis

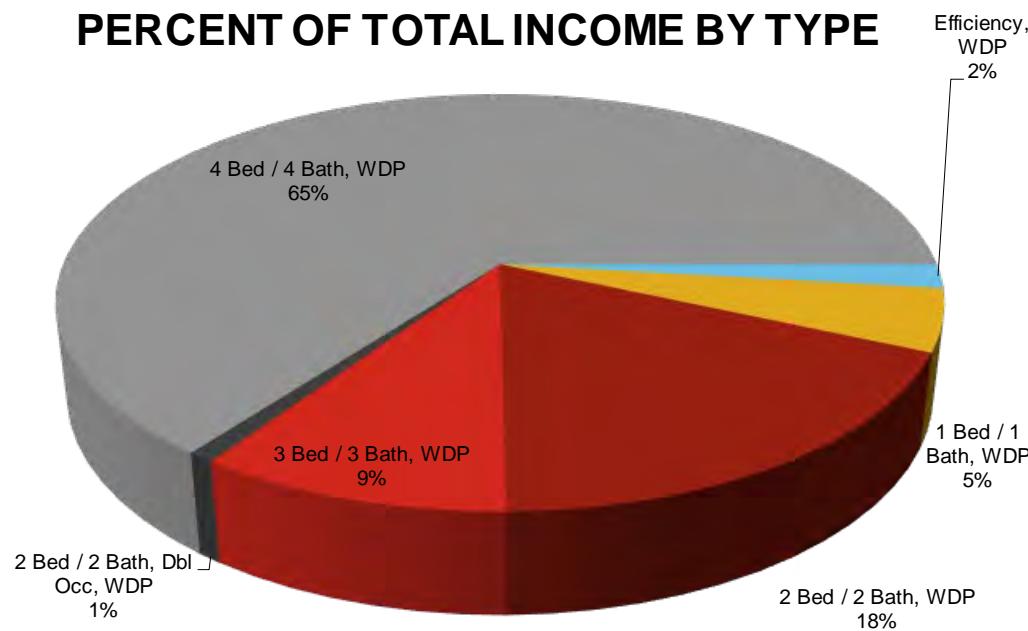
The rent roll analysis serves as a crosscheck to the estimate of market rent for the subject. The collections shown on the rent roll include rent premiums and/or discounts.

RENT ROLL ANALYSIS			
INCOME COMPONENT		MONTHLY	TOTAL ANNUAL
73.25	Occupied Units @ Contract Rent	\$165,735	\$1,988,814
42	Vacant Units @ Market Rates	\$92,825	\$1,113,900
115	Total Units @ Contract Rent (Blended)	\$256,460	\$3,077,514
115	Total Units @ Market Rent	\$253,900	\$3,046,800
% Difference (In-Place versus Market)			(1.0%)

Please note that our projected total annual rent income is 1% less than the actual rental income reflected in the rent roll analysis. This situation is due to the fact that the market has softened over the past year and several of these existing leases reflect higher rental rates than our projected market rents. All of the in-place leases will expire by July 31, 2021. The new leases that commence in August are typically at lower rental rates with concessions also provided. Due to this situation, we have not deducted an amount for loss to lease in our analysis.

## TOTAL INCOME BY TYPE

The graph below segregates the subject property's income by type.



## Vacancy

Based on the subject's size, location and appeal, the competitive set, market participant interviews, and actual leasing trends warrant primary consideration for our projected vacancy conclusion. As of the effective date of this appraisal, the subject property has a current occupancy rate of 62.8%, which falls toward below three of the four off campus privately owned student housing properties. It is believed that the subject's occupancy rate can increase somewhat on a stabilized basis given an aggressive marketing campaign, and considering the lack of any additional new student housing projects planned in the subject market near the campus. In addition, it is expected that there should be more students returning to live near the campus in the upcoming year with improving COVID-19 conditions. Based on our analysis of supply/demand trends, a general vacancy rate of 15.0% is concluded.

## Collection Loss

The subject's historical figures reflect a collection loss that generally falls within the range of 1% to 2% over the past three reporting periods. Given the subject's quality class and tenant profile, with prudent property management, collection loss should generally be no more than 1.0%. Typically, student properties require the parent to guarantee the lease and collection loss should be below that of a traditional complex. Therefore, based upon market expectations and the subject's historical collection loss trend, we have utilized a collection loss figure of **1.0%**.

## Concessions

Concessions or reduced rents are believed necessary in order to effectively compete in the local market. Our projected market rents already account for this situation and are deemed to be net of concessions. Hence, we have projected not projected an additional loss for concessions.

## Gain/Loss to Lease

The Loss to Lease category was previously discussed in depth in the Rent Roll analysis section earlier in this report. No loss to lease is applied since our projected market rents are actually less than the average in-place rents on the current Rent Roll.

## Administrative Unit(s)

The income loss associated with the subject's administrative unit(s) is detailed below. **Our payroll projections specifically assume that no employees will receive free rent.** If an employee does receive free rent, then there should be a commensurate decrease in salaries. Therefore, we have not projected any income loss from the employees. The following chart details the subject's projected rent loss associated with administrative unit(s), which includes a two bedroom model unit.

ADMINISTRATIVE UNIT(S)				
Unit #	Use	Unit Type	Est. Market Rent or Discount	Annual Rent Loss
118	Model	2 BD / 2 BA	\$1,800	\$21,600
			<b>Total</b>	<b>\$21,600</b>
			<b>Projection</b>	<b>\$21,600</b>

## Income Loss Summary

This category was discussed in depth in the market analysis section of the report and summarized above. Please reference the market analysis for a full analysis. Our conclusions are summarized in the following table:

INCOME LOSS	
General Vacancy Rate	15.0%
Credit Loss Conclusion	1.0%
Concessions	0.0%
Loss to Lease	0.0%
Admin Unit(s)	0.7%
<b>TOTAL</b>	<b>16.7%</b>

## OTHER INCOME

In the following section, we analyzed and made conclusions for the other income items of the subject property.

### OTHER INCOME ANALYSIS & CONCLUSIONS

MISCELLANEOUS INCOME					ANALYSIS
YEAR	SUBJECT				The concluded amount is all inclusive of income associated with miscellaneous income, including late fees and deposit forfeitures. The concluded amount for Miscellaneous Income is based on the actual historical trends for the past several reporting periods
	TOTAL	\$/UNIT	\$/BED	%EGI	
2018	\$223,390	\$1,943	\$644	7.1%	
2019	\$89,356	\$777	\$258	3.0%	
March 2020 T-12	\$83,201	\$723	\$240	2.8%	
<b>CONCLUSION</b>	<b>\$85,000</b>	<b>\$739</b>	<b>\$245</b>	<b>3.1%</b>	
UTILITY REIMBURSEMENTS					ANALYSIS
YEAR	SUBJECT				The concluded amount is all inclusive of income associated with utility reimbursements. The subject recently started billing each resident \$4.50 per month for all utilities. In addition, tenants must reimburse the landlord for all electricity costs above \$25 per month. The conclusion is based on the historical income information, inflation considered, and primarily accounts for the flat monthly utilities payment, as well as all amounts above \$25 per month for each resident.
	TOTAL	\$/UNIT	\$/BED	%EGI	
2018	\$13,803	\$120	\$40	0.4%	
2019	\$30,915	\$269	\$89	1.1%	
March 2020 T-12	\$38,241	\$333	\$110	1.3%	
<b>CONCLUSION</b>	<b>\$40,000</b>	<b>\$348</b>	<b>\$115</b>	<b>1.5%</b>	
PARKING INCOME					ANALYSIS
YEAR	SUBJECT				The concluded amount is all inclusive of income associated with parking income. The subject quotes \$85 per month for a parking space in the garage. However, it appears that the landlord has waived some parking fees or offered reduced fees as a leasing incentive over the past couple of years. We have projected an amount that falls in-line with the actual performance over the past two reporting periods.
	TOTAL	\$/UNIT	\$/BED	%EGI	
2018	\$112,654	\$980	\$325	3.6%	
2019	\$99,985	\$869	\$288	3.4%	
March 2020 T-12	\$94,932	\$825	\$274	3.2%	
<b>CONCLUSION</b>	<b>\$95,000</b>	<b>\$826</b>	<b>\$274</b>	<b>3.4%</b>	

## Effective Gross Income

Given the preceding assumptions regarding rental rates, other income, vacancy and collection loss, and loss to lease factors, the subject's effective gross income (EGI) is estimated as follows:

EFFECTIVE GROSS INCOME (EGI)					
YEAR	TOTAL	\$/UNIT	\$/BED	%EGI	ANALYSIS
2018	\$3,163,391	\$27,508	\$9,116	100.0%	
2019	\$2,934,701	\$25,519	\$8,457	100.0%	
March 2020 T-12	\$2,937,552	\$25,544	\$8,466	100.0%	
PROFORMA	\$2,757,712	\$23,980	\$7,947	100.0%	Our projected stabilized EGI is lower than the March 2020 Trailing 12 Month figure, which is the latest historical operating data available. Our estimated EGI is believed reasonable based on the overbuilt nature of the local student market, which has led to lower effective rents and occupancy levels. The market should start to slowly improve over the next couple of years as long as there is no additional new inventory of new student housing dwelling units.

We have based our Gross Potential Rent on the subject's direct competitors' rental rates and the subject's historical collections, as well as the projected market rents on leases that commence in August 2021. In addition, we have combined this with a total adjustment of 16.7% for vacancy, collection loss, concessions, administrative units, and loss-to-lease. With proper management, we believe the projected EGI is reasonable and attainable by August 2022, given the quality of the property and the dynamics of the local market.

## INCOME & EXPENSE ANALYSIS

The preceding section addressed potential risks associated with the cash flow of the subject property. Having addressed potential risks, it is appropriate to analyze historical revenues and operating expenses. Operating expenses include those items necessary to maintain the subject property and generate income at the forecasted level. Expenses associated with debt financing, depreciation, or other accounting items are disregarded. Expenses are estimated based on one or more of the following sources: (1) historical or projected operation of the subject; (2) comparable expense properties; (3) published operating sources; or (4) individual suppliers.

**Please note that the subject's most recent financial information available and provided to the appraisers was the March 2020 T-12 Statement.** The expense comparables reflect varying accounting methods with respect to individual line items and reserves for replacement expenses. On a line-item basis, due to the variances in accounting and classification, their applicability is diminished. The following section provides supporting information and discusses the individual expense conclusions for the subject property. Also included on the table are the projected revenue on a stabilized basis:

## SUBJECT OPERATING HISTORICALS

YEAR	2018				2019				March 2020 T-12				COLLIERS FORECAST				
	TOTAL	\$/UNIT	\$/BED	%EGI	TOTAL	\$/UNIT	\$/BED	%EGI	TOTAL	\$/UNIT	\$/BED	%EGI	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI
<b>INCOME ITEMS</b>																	
Potential Rental Income	\$3,567,810	\$31,024	\$10,282	112.8%	\$2,915,616	\$25,353	\$8,402	99.3%	\$2,903,878	\$25,251	\$8,369	98.9%	\$3,046,800	\$26,494	\$8,780	\$25.25	110.5%
<b>TOTAL RENTAL INCOME</b>	<b>\$3,567,810</b>	<b>\$31,024</b>	<b>\$10,282</b>	<b>112.8%</b>	<b>\$2,915,616</b>	<b>\$25,353</b>	<b>\$8,402</b>	<b>99.3%</b>	<b>\$2,903,878</b>	<b>\$25,251</b>	<b>\$8,369</b>	<b>98.9%</b>	<b>\$3,046,800</b>	<b>\$26,494</b>	<b>\$8,780</b>	<b>\$25.25</b>	<b>110.5%</b>
<b>OTHER INCOME</b>																	
Miscellaneous Income	\$223,390	\$1,943	\$644	7.1%	\$89,356	\$777	\$258	3.0%	\$83,201	\$723	\$240	2.8%	\$85,000	\$739	\$245	\$0.70	3.1%
Utility Reimbursements	\$13,803	\$120	\$40	0.4%	\$30,915	\$269	\$89	1.1%	\$38,241	\$333	\$110	1.3%	\$40,000	\$348	\$115	\$0.33	1.5%
Parking Income	\$112,654	\$980	\$325	3.6%	\$99,985	\$869	\$288	3.4%	\$94,932	\$825	\$274	3.2%	\$95,000	\$826	\$274	\$0.79	3.4%
<b>TOTAL OTHER INCOME</b>	<b>\$349,847</b>	<b>\$3,042</b>	<b>\$1,008</b>	<b>11.1%</b>	<b>\$220,256</b>	<b>\$1,915</b>	<b>\$635</b>	<b>7.5%</b>	<b>\$216,374</b>	<b>\$1,882</b>	<b>\$624</b>	<b>7.4%</b>	<b>\$220,000</b>	<b>\$1,913</b>	<b>\$634</b>	<b>\$1.82</b>	<b>8.0%</b>
<b>POTENTIAL GROSS INCOME (PGI)</b>	<b>\$3,917,657</b>	<b>\$34,067</b>	<b>\$11,290</b>	<b>123.8%</b>	<b>\$3,135,872</b>	<b>\$27,268</b>	<b>\$9,037</b>	<b>106.9%</b>	<b>\$3,120,252</b>	<b>\$27,133</b>	<b>\$8,992</b>	<b>106.2%</b>	<b>\$3,266,800</b>	<b>\$28,407</b>	<b>\$9,414</b>	<b>\$27.07</b>	<b>118.5%</b>
Vacancy	(\$236,399)	(\$2,056)	(\$681)	(7.5%)	\$0	-	-	0.0%	\$0	-	-	0.0%	(\$457,020)	(\$3,974)	(\$1,317)	(\$3.79)	(16.6%)
Credit Loss	(\$71,417)	(\$621)	(\$206)	(2.3%)	(\$25,911)	(\$225)	(\$75)	(0.9%)	(\$35,026)	(\$305)	(\$101)	(1.2%)	(\$30,468)	(\$265)	(\$88)	(\$0.25)	(1.1%)
Concessions	(\$286,503)	(\$2,491)	(\$826)	(9.1%)	(\$52,102)	(\$453)	(\$150)	(1.8%)	(\$28,505)	(\$248)	(\$82)	(1.0%)	\$0	-	-	-	0.0%
Loss To Lease	(\$80,456)	(\$700)	(\$232)	(2.5%)	\$0	-	-	0.0%	\$0	-	-	0.0%	\$0	-	-	-	0.0%
Admin Unit(s)	(\$79,491)	(\$691)	(\$229)	(2.5%)	(\$123,158)	(\$1,071)	(\$355)	(4.2%)	(\$119,169)	(\$1,036)	(\$343)	(4.1%)	(\$21,600)	(\$188)	(\$62)	(\$0.18)	(0.8%)
<b>EFFECTIVE GROSS INCOME (EGI)</b>	<b>\$3,163,391</b>	<b>\$27,508</b>	<b>\$9,116</b>	<b>100.0%</b>	<b>\$2,934,701</b>	<b>\$25,519</b>	<b>\$8,457</b>	<b>100.0%</b>	<b>\$2,937,552</b>	<b>\$25,544</b>	<b>\$8,466</b>	<b>100.0%</b>	<b>\$2,757,712</b>	<b>\$23,980</b>	<b>\$7,947</b>	<b>\$22.86</b>	<b>100.0%</b>
<b>EXPENSE ITEMS</b>																	
Real Estate Taxes	(\$784,828)	(\$6,825)	(\$2,262)	(24.8%)	(\$804,564)	(\$6,996)	(\$2,319)	(27.4%)	(\$806,140)	(\$7,010)	(\$2,323)	(27.4%)	(\$472,706)	(\$4,110)	(\$1,362)	(\$3.92)	(17.1%)
Property Insurance	(\$88,034)	(\$766)	(\$254)	(2.8%)	(\$86,730)	(\$754)	(\$250)	(3.0%)	(\$90,899)	(\$790)	(\$262)	(3.1%)	(\$92,000)	(\$800)	(\$265)	(\$0.76)	(3.3%)
Electricity	(\$130,355)	(\$1,134)	(\$376)	(4.1%)	(\$124,524)	(\$1,083)	(\$359)	(4.2%)	(\$119,510)	(\$1,039)	(\$344)	(4.1%)	(\$130,000)	(\$1,130)	(\$375)	(\$1.08)	(4.7%)
Water & Sewer	(\$83,640)	(\$727)	(\$241)	(2.6%)	(\$54,885)	(\$477)	(\$158)	(1.9%)	(\$61,600)	(\$536)	(\$178)	(2.1%)	(\$70,000)	(\$609)	(\$202)	(\$0.58)	(2.5%)
Gas	\$0	-	-	0.0%	\$0	-	-	0.0%	\$0	-	-	0.0%	\$0	-	-	-	0.0%
Trash Removal	(\$29,331)	(\$255)	(\$85)	(0.9%)	(\$16,574)	(\$144)	(\$48)	(0.6%)	(\$15,995)	(\$139)	(\$46)	(0.5%)	(\$17,000)	(\$148)	(\$49)	(\$0.14)	(0.6%)
Repairs & Maintenance	(\$233,101)	(\$2,027)	(\$672)	(7.4%)	(\$172,778)	(\$1,502)	(\$498)	(5.9%)	(\$189,816)	(\$1,651)	(\$547)	(6.5%)	(\$165,000)	(\$1,435)	(\$476)	(\$1.37)	(6.0%)
Management Fee	\$0	-	-	0.0%	\$0	-	-	0.0%	\$0	-	-	0.0%	(\$82,731)	(\$719)	(\$238)	(\$0.69)	(3.0%)
Payroll	(\$311,858)	(\$2,712)	(\$899)	(9.9%)	(\$336,555)	(\$2,927)	(\$970)	(11.5%)	(\$346,906)	(\$3,017)	(\$1,000)	(11.8%)	(\$250,000)	(\$2,174)	(\$720)	(\$2.07)	(9.1%)
Advertising	(\$54,652)	(\$475)	(\$157)	(1.7%)	(\$92,676)	(\$806)	(\$267)	(3.2%)	(\$98,254)	(\$854)	(\$283)	(3.3%)	(\$100,000)	(\$870)	(\$288)	(\$0.83)	(3.6%)
General & Administrative	(\$50,388)	(\$438)	(\$145)	(1.6%)	(\$34,715)	(\$302)	(\$100)	(1.2%)	(\$32,820)	(\$285)	(\$95)	(1.1%)	(\$40,000)	(\$348)	(\$115)	(\$0.33)	(1.5%)
Property Specific	(\$276,188)	(\$2,402)	(\$796)	(8.7%)	(\$194,851)	(\$1,694)	(\$562)	(6.6%)	(\$202,035)	(\$1,757)	(\$582)	(6.9%)	(\$205,000)	(\$1,783)	(\$591)	(\$1.70)	(7.4%)
Franchise Taxes	\$0	-	-	0.0%	\$0	-	-	0.0%	\$0	-	-	0.0%	(\$9,128)	(\$79)	(\$26)	(\$0.08)	(0.3%)
Reserves	\$0	-	-	0.0%	\$0	-	-	0.0%	\$0	-	-	0.0%	(\$43,375)	(\$377)	(\$125)	(\$0.36)	(1.6%)
<b>TOTAL EXPENSES</b>	<b>(\$2,042,375)</b>	<b>(\$17,760)</b>	<b>(\$5,886)</b>	<b>(64.6%)</b>	<b>(\$1,918,852)</b>	<b>(\$16,686)</b>	<b>(\$5,530)</b>	<b>(65.4%)</b>	<b>(\$1,963,975)</b>	<b>(\$17,078)</b>	<b>(\$5,660)</b>	<b>(66.9%)</b>	<b>(\$1,676,941)</b>	<b>(\$14,582)</b>	<b>(\$4,833)</b>	<b>(\$13.90)</b>	<b>(60.8%)</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>\$1,121,016</b>	<b>\$9,748</b>	<b>\$3,231</b>	<b>35.4%</b>	<b>\$1,015,849</b>	<b>\$8,833</b>	<b>\$2,928</b>	<b>34.6%</b>	<b>\$973,577</b>	<b>\$8,466</b>	<b>\$2,806</b>	<b>33.1%</b>	<b>\$1,080,771</b>	<b>\$9,398</b>	<b>\$3,115</b>	<b>\$8.96</b>	<b>39.2%</b>

## Analysis of Operating Expenses

Expenses are estimated based on one or more of the following sources: (1) historical or projected operation of the subject; (2) comparable expense properties; (3) published operating sources; or (4) individual suppliers. The expense comparables reflect varying accounting methods with respect to individual line items and reserves for replacement expenses. On a line-item basis, due to the variances in accounting and classification, their applicability is diminished. The following section provides supporting information and discusses the individual expense conclusions for the subject property. The operating expenses for the subject property were presented previously. The following chart summarizes comparable expenses.

EXPENSE COMPARABLES														
COMPARABLE	COMP 1		COMP 2		COMP 3		COMP 4		COMP 5		LOW	HIGH	AVG	
Expense Year	2018		2018		2019		2018		2017		2017	2019	2018	
Actual/Budget	Actual		-	-	-									
Units	254		278		168		160		264		160	278	225	
Beds	780		400		504		472		785		400	785	588	
Net Rentable Area	260,700		257,409		207,252		197,336		306,302		197,336	306,302	245,800	
Avg. Unit Size	1,026	334	926	644	1,234	411	1,233	418	1,160	390	-	-	-	
Year Built	1994		2004		2009		2016		2015		1994	2016	2008	
Rental Income	\$9,546		\$14,591		\$19,164		\$24,222		\$22,898		\$9,546	\$24,222	\$18,084	
Miscellaneous Income	\$594		\$145		\$494		\$2,301		\$820		\$145	\$2,301	\$871	
Miscellaneous Income % EGI	5.9%		1.1%		2.5%		8.7%		3.5%		1.1%	8.7%	4.3%	
<b>EGI (\$/UNIT)</b>	<b>\$10,140</b>	<b>\$3,302</b>	<b>\$12,983</b>	<b>\$9,023</b>	<b>\$19,658</b>	<b>\$6,553</b>	<b>\$26,522</b>	<b>\$8,991</b>	<b>\$23,718</b>	<b>\$7,977</b>	<b>\$10,140</b>	<b>\$26,522</b>	<b>\$18,604</b>	
<b>EXPENSE ITEMS</b>		<b>\$/UNIT</b>	<b>\$/BED</b>	<b>LOW</b>	<b>HIGH</b>	<b>AVG</b>								
Real Estate Taxes	\$614	\$200	\$1,248	\$867	\$3,356	\$1,119	\$4,996	\$1,693	\$2,613	\$879	\$614	\$4,996	\$2,565	
Property Insurance	\$402	\$131	\$128	\$89	\$721	\$240	\$451	\$153	\$448	\$151	\$128	\$721	\$430	
Electricity	\$1,422	\$463	\$1,103	\$767	\$917	\$306	\$1,742	\$590	\$387	\$130	\$387	\$1,742	\$1,114	
Water & Sewer	\$568	\$185	\$279	\$194	\$1,266	\$422	\$701	\$238	\$597	\$201	\$279	\$1,266	\$682	
Gas	\$7	\$2	\$13	\$9	-	-	-	-	\$12	\$4	\$7	\$13	\$11	
Trash Removal	\$184	\$60	\$88	\$61	\$253	\$84	\$164	\$56	\$220	\$74	\$88	\$253	\$182	
Repairs & Maintenance	\$401	\$131	\$954	\$663	\$890	\$297	\$1,037	\$352	\$1,559	\$524	\$401	\$1,559	\$968	
Management Fee	\$308	\$100	\$419	\$291	\$588	\$196	\$792	\$269	\$709	\$239	\$308	\$792	\$563	
Payroll	\$1,806	\$588	\$1,304	\$906	\$1,824	\$608	\$2,266	\$768	\$2,528	\$850	\$1,304	\$2,528	\$1,946	
Advertising	\$265	\$86	\$356	\$248	\$255	\$85	\$374	\$127	\$1,032	\$347	\$255	\$1,032	\$456	
General & Administrative	\$244	\$79	\$516	\$359	\$349	\$116	\$423	\$143	\$620	\$208	\$244	\$620	\$430	
Property Specific	\$928	\$302	\$827	\$574	\$1,161	\$387	\$807	\$274	\$970	\$326	\$807	\$1,161	\$939	
Franchise Taxes	-	-	\$72	\$50	\$65	\$22	-	-	-	-	\$65	\$72	\$68	
Reserves	-	-	-	-	-	-	-	-	-	-	\$0	\$0	-	
<b>TOTAL EXPENSES (\$/UNIT)</b>	<b>\$7,148</b>	<b>\$2,328</b>	<b>\$7,309</b>	<b>\$5,080</b>	<b>\$11,646</b>	<b>\$3,882</b>	<b>\$13,752</b>	<b>\$4,662</b>	<b>\$11,694</b>	<b>\$3,933</b>	<b>\$7,148</b>	<b>\$13,752</b>	<b>\$10,310</b>	

## Conclusion of Operating Expenses

In the following section we discuss the individual expense conclusions for the subject property.

### EXPENSE ANALYSIS & CONCLUSIONS

#### REAL ESTATE TAXES

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$784,828	\$6,825	\$2,262	\$6.50	24.8%	1	\$614	\$200	\$0.60	6.1%
2019	\$804,564	\$6,996	\$2,319	\$6.67	27.4%	2	\$1,248	\$867	\$1.22	9.6%
March 2020 T-12	\$806,140	\$7,010	\$2,323	\$6.68	27.4%	3	\$3,356	\$1,119	\$3.27	17.1%
						4	\$4,996	\$1,693	\$4.87	18.8%
						5	\$2,613	\$879	\$2.55	11.0%
<b>CONCLUSION</b>	<b>\$472,706</b>	<b>\$4,110</b>	<b>\$1,362</b>	<b>\$3.92</b>	<b>17.1%</b>	<b>AVG</b>	<b>\$2,565</b>	<b>\$952</b>	<b>\$2.50</b>	<b>12.5%</b>

#### ANALYSIS

Please refer to the Assessments and Taxes section for additional details. Our projected stabilized assessment reflects a significant decrease from the current year, and is based on the stabilized value estimate contained in this appraisal report.

#### PROPERTY INSURANCE

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$88,034	\$766	\$254	\$0.73	2.8%	1	\$402	\$131	\$0.39	4.0%
2019	\$86,730	\$754	\$250	\$0.72	3.0%	2	\$128	\$89	\$0.13	1.0%
March 2020 T-12	\$90,899	\$790	\$262	\$0.75	3.1%	3	\$721	\$240	\$0.70	3.7%
						4	\$451	\$153	\$0.44	1.7%
						5	\$448	\$151	\$0.44	1.9%
<b>CONCLUSION</b>	<b>\$92,000</b>	<b>\$800</b>	<b>\$265</b>	<b>\$0.76</b>	<b>3.3%</b>	<b>AVG</b>	<b>\$430</b>	<b>\$153</b>	<b>\$0.42</b>	<b>2.4%</b>

#### ANALYSIS

This expense includes all premiums and costs incurred for insurance covering structures, public liability, rental value, and equipment. The historical insurance expense has been fairly stable over the past three reporting periods. The conclusion is based on the actual policy premiums and historical trends over the past few reporting periods. The subject is required to carry flood insurance, and thus the actual policy premium is higher than each of the comparables.

#### ELECTRICITY

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$130,355	\$1,134	\$376	\$1.08	4.1%	1	\$1,422	\$463	\$1.39	14.0%
2019	\$124,524	\$1,083	\$359	\$1.03	4.2%	2	\$1,103	\$767	\$1.07	8.5%
March 2020 T-12	\$119,510	\$1,039	\$344	\$0.99	4.1%	3	\$917	\$306	\$0.89	4.7%
						4	\$1,742	\$590	\$1.70	6.6%
						5	\$387	\$130	\$0.38	1.6%
<b>CONCLUSION</b>	<b>\$130,000</b>	<b>\$1,130</b>	<b>\$375</b>	<b>\$1.08</b>	<b>4.7%</b>	<b>AVG</b>	<b>\$1,114</b>	<b>\$451</b>	<b>\$1.09</b>	<b>7.1%</b>

#### ANALYSIS

At the subject, the owner is responsible for payment of the electricity charge up to a cap of \$25 per month for each resident. In addition, the owner also pays all electricity costs for the common areas. Given that electricity costs will vary from property-to-property due to a number of factors, we have leaned on the subject's historical figures for our projection. Our estimate accounts for slightly higher stabilized occupancy levels as compared to the most recent 12 month period.

#### WATER & SEWER

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$83,640	\$727	\$241	\$0.69	2.6%	1	\$568	\$185	\$0.55	5.6%
2019	\$54,885	\$477	\$158	\$0.45	1.9%	2	\$279	\$194	\$0.27	2.2%
March 2020 T-12	\$61,600	\$536	\$178	\$0.51	2.1%	3	\$1,266	\$422	\$1.23	6.4%
						4	\$701	\$238	\$0.68	2.6%
						5	\$597	\$201	\$0.58	2.5%
<b>CONCLUSION</b>	<b>\$70,000</b>	<b>\$609</b>	<b>\$202</b>	<b>\$0.58</b>	<b>2.5%</b>	<b>AVG</b>	<b>\$682</b>	<b>\$248</b>	<b>\$0.66</b>	<b>3.9%</b>

#### ANALYSIS

Water/sewer costs can vary considerably property-to-property. This is due to the various factors and charges (ex: different municipalities will charge for water at different rates). Therefore, we have leaned on the subject's historical figures for our projection, and also accounted for a slightly higher occupancy on a stabilized basis as compared to the most recent 12 month period.

#### GAS

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$0			\$0.00	0.0%	1	\$7	\$2	\$0.01	0.1%
2019	\$0			\$0.00	0.0%	2	\$13	\$9	\$0.01	0.1%
March 2020 T-12	\$0			\$0.00	0.0%	3	-	-	-	-
						4	-	-	-	-
						5	\$12	\$4	\$0.01	0.1%
<b>CONCLUSION</b>	<b>\$0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>	<b>AVG</b>	<b>\$11</b>	<b>\$5</b>	<b>\$0.01</b>	<b>0.1%</b>

#### ANALYSIS

There is no gas service at the subject property.

#### TRASH REMOVAL

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$29,331	\$255	\$85	\$0.24	0.9%	1	\$184	\$60	\$0.18	1.8%
2019	\$16,574	\$144	\$48	\$0.14	0.6%	2	\$88	\$61	\$0.09	0.7%
March 2020 T-12	\$15,995	\$139	\$46	\$0.13	0.5%	3	\$253	\$84	\$0.25	1.3%
						4	\$164	\$56	\$0.16	0.6%
						5	\$220	\$74	\$0.21	0.9%
<b>CONCLUSION</b>	<b>\$17,000</b>	<b>\$148</b>	<b>\$49</b>	<b>\$0.14</b>	<b>0.6%</b>	<b>AVG</b>	<b>\$182</b>	<b>\$67</b>	<b>\$0.18</b>	<b>1.1%</b>

#### ANALYSIS

This category includes trash removal expenses for the subject. The conclusion is based on the subject's most recent actual historical figures.

CONTINUED

DAL210584

**REPAIRS & MAINTENANCE**

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$233,101	\$2,027	\$672	\$1.93	7.4%	1	\$401	\$131	\$0.39	4.0%
2019	\$172,778	\$1,502	\$498	\$1.43	5.9%	2	\$954	\$663	\$0.93	7.4%
March 2020 T-12	\$189,816	\$1,651	\$547	\$1.57	6.5%	3	\$890	\$297	\$0.87	4.5%
						4	\$1,037	\$352	\$1.01	3.9%
						5	\$1,559	\$524	\$1.52	6.6%
<b>CONCLUSION</b>	<b>\$165,000</b>	<b>\$1,435</b>	<b>\$476</b>	<b>\$1.37</b>	<b>6.0%</b>	<b>Avg</b>	<b>\$968</b>	<b>\$393</b>	<b>\$0.94</b>	<b>5.3%</b>

**ANALYSIS**

This expense covers the cost of all routine maintenance and repairs. This cost increased during the most recent 12 month reporting period, and falls at the upper end of the comparable range on a per bed and per unit basis. We have projected a slightly lower amount that still falls in the upper half of the comparable range. This cost estimate is well supported for a property such as the subject's vintage. Our conclusion also considers the separate amount for reserves.

**MANAGEMENT FEE**

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$0			\$0.00	0.00%	1	\$308	\$100	\$0.30	3.04%
2019	\$0			\$0.00	0.00%	2	\$419	\$291	\$0.41	3.23%
March 2020 T-12	\$0			\$0.00	0.00%	3	\$588	\$196	\$0.57	2.99%
						4	\$792	\$269	\$0.77	2.99%
						5	\$709	\$239	\$0.69	2.99%
<b>CONCLUSION</b>	<b>\$82,731</b>	<b>\$719</b>	<b>\$238</b>	<b>\$0.69</b>	<b>3.00%</b>	<b>Avg</b>	<b>\$563</b>	<b>\$219</b>	<b>\$0.55</b>	<b>3.05%</b>

**ANALYSIS**

This expense reflects the professional management service for the subject. The subject's historical operating statements do not provide a separate expense amount for management fees. thus, our conclusion is based on a market oriented fee at 3.0% of EGI.

**PAYROLL**

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$311,858	\$2,712	\$899	\$2.58	9.9%	1	\$1,806	\$588	\$1.76	17.8%
2019	\$336,555	\$2,927	\$970	\$2.79	11.5%	2	\$1,304	\$906	\$1.27	10.0%
March 2020 T-12	\$346,906	\$3,017	\$1,000	\$2.88	11.8%	3	\$1,824	\$608	\$1.78	9.3%
						4	\$2,266	\$768	\$2.21	8.5%
						5	\$2,528	\$850	\$2.46	10.7%
<b>CONCLUSION</b>	<b>\$250,000</b>	<b>\$2,174</b>	<b>\$720</b>	<b>\$2.07</b>	<b>9.1%</b>	<b>Avg</b>	<b>\$1,946</b>	<b>\$744</b>	<b>\$1.90</b>	<b>11.3%</b>

**ANALYSIS**

the subject's historical cost trend is believed to be above market and includes an excessive number of employees. It is believed that the subject could operate efficiently with a manager, lead maintenance, leasing agent, porter/groundskeeper and some part-time leasing personnel. Our forecast falls near the mid-point of the comparable range on a per unit, per bed and per square foot basis. This projected staffing level should be ample to operate the subject and continue in the trend of providing a clean property with a professional staff.

**ADVERTISING**

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$54,652	\$475	\$157	\$0.45	1.7%	1	\$265	\$86	\$0.26	2.6%
2019	\$92,676	\$806	\$267	\$0.77	3.2%	2	\$356	\$248	\$0.35	2.7%
March 2020 T-12	\$98,254	\$854	\$283	\$0.81	3.3%	3	\$255	\$85	\$0.25	1.3%
						4	\$374	\$127	\$0.36	1.4%
						5	\$1,032	\$347	\$1.01	4.4%
<b>CONCLUSION</b>	<b>\$100,000</b>	<b>\$870</b>	<b>\$288</b>	<b>\$0.83</b>	<b>3.6%</b>	<b>Avg</b>	<b>\$456</b>	<b>\$178</b>	<b>\$0.44</b>	<b>2.5%</b>

**ANALYSIS**

This expense includes marketing, advertising and promoting the subject property. For the subject, this category also includes gift cards provided to tenants as a leasing incentive. Comparable 5 reflects an extraordinarily high expense. The subject is located in an extremely competitive market and reflects a cost at the high end of the typical range over the past reporting periods. We have relied on the actual historical trend and projected a similar amount.

**GENERAL & ADMINISTRATIVE**

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$50,388	\$438	\$145	\$0.42	1.6%	1	\$244	\$79	\$0.24	2.4%
2019	\$34,715	\$302	\$100	\$0.29	1.2%	2	\$516	\$359	\$0.50	4.0%
March 2020 T-12	\$32,820	\$285	\$95	\$0.27	1.1%	3	\$349	\$116	\$0.34	1.8%
						4	\$423	\$143	\$0.41	1.6%
						5	\$620	\$208	\$0.60	2.6%
<b>CONCLUSION</b>	<b>\$40,000</b>	<b>\$348</b>	<b>\$115</b>	<b>\$0.33</b>	<b>1.5%</b>	<b>Avg</b>	<b>\$430</b>	<b>\$181</b>	<b>\$0.42</b>	<b>2.5%</b>

**ANALYSIS**

This expense includes office supplies, accounting, legal fees, other professional fees, and all other administrative costs. The conclusion is based on the most recent historical figures, and falls in the lower half of the comparable range on a per unit and per bed basis.

**PROPERTY SPECIFIC**

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$276,188	\$2,402	\$796	\$2.29	8.7%	1	\$928	\$302	\$0.90	9.2%
2019	\$194,851	\$1,694	\$562	\$1.61	6.6%	2	\$827	\$574	\$0.81	6.4%
March 2020 T-12	\$202,035	\$1,757	\$582	\$1.67	6.9%	3	\$1,161	\$387	\$1.13	5.9%
						4	\$807	\$274	\$0.79	3.0%
						5	\$970	\$326	\$0.95	4.1%
<b>CONCLUSION</b>	<b>\$205,000</b>	<b>\$1,783</b>	<b>\$591</b>	<b>\$1.70</b>	<b>7.4%</b>	<b>Avg</b>	<b>\$939</b>	<b>\$373</b>	<b>\$0.91</b>	<b>5.7%</b>

**ANALYSIS**

This expense includes the subject's cable/internet expenses, and other items such as utility billing fees and security services. We have leaned on the subject's historical figures for our projection, which falls well above the upper end of the expense comparable range on a per bed and per unit basis.

**FRANCHISE TAXES**

YEAR	SUBJECT					EXPENSE COMPS				
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$0			\$0.00	0.0%	1	-	-	-	-
2019	\$0			\$0.00	0.0%	2	\$72	\$50	\$0.07	0.6%
March 2020 T-12	\$0			\$0.00	0.0%	3	\$65	\$22	\$0.06	0.3%
						4	-	-	-	-
						5	-	-	-	-
<b>CONCLUSION</b>	<b>\$9,128</b>	<b>\$79</b>	<b>\$26</b>	<b>\$0.08</b>	<b>0.3%</b>	<b>Avg</b>	<b>\$68</b>	<b>\$36</b>	<b>\$0.07</b>	<b>0.4%</b>

**ANALYSIS**

Franchise Tax is an income tax which depends on numerous scenarios and there are various tax rates that could be imposed on the property owner, if any. Thus, for our analysis we have assumed the subject's owner would qualify for the 0.331% tax rate unless the property's EGI is over \$20 million. If the property has an EGI below \$1,130,000, no franchise tax would be due.

CONTINUED

DAL210584

**RESERVES**

YEAR	SUBJECT				EXPENSE COMPS					
	TOTAL	\$/UNIT	\$/BED	\$/SF	%EGI	COMP	\$/UNIT	\$/BED	\$/SF	%EGI
2018	\$0			\$0.00	0.0%	1	-	-	-	-
2019	\$0			\$0.00	0.0%	2	-	-	-	-
March 2020 T-12	\$0			\$0.00	0.0%	3	-	-	-	-
						4	-	-	-	-
						5	-	-	-	-
<b>CONCLUSION</b>	<b>\$43,375</b>	<b>\$377</b>	<b>\$125</b>	<b>\$0.36</b>	<b>1.6%</b>	<b>AVG</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**ANALYSIS**

Reserves for replacements are not typical cash expenditures, but rather the annualized cost of major expense in the future. The expense conclusion considers the subject's age and condition. Please note that the financials for the subject and expense comparables did not include reserves; thus, we have modeled our projection across all comparables in a similar fashion to the subject.

TOTAL EXPENSES	LOW	HIGH	CONCLUSION
SUBJECT HISTORICAL \$/UNIT	\$16,686	\$17,760	
EXPENSE COMPARABLES \$/UNIT	\$7,148	\$13,752	
SALE COMPARABLE \$/UNIT	\$10,351	\$14,529	
SUBJECT HISTORICAL \$/BED	\$5,530	\$5,886	
EXPENSE COMPARABLES \$/BED	\$2,328	\$5,080	
SALE COMPARABLE \$/BED	\$3,332	\$4,925	
SUBJECT HISTORICAL %EGI	64.6%	66.9%	
EXPENSE COMPARABLES %EGI	49.3%	70.5%	
SALE COMPARABLES %EGI	44.1%	59.9%	
TOTAL EXPENSES \$/UNIT		\$14,582	
TOTAL EXPENSES \$/BED		\$4,833	
TOTAL EXPENSES %EGI		60.8%	
<b>TOTAL EXPENSES</b>		<b>\$1,676,941</b>	

## INVESTMENT MARKET ANALYSIS

### Development of Capitalization Rate

The going-in capitalization rate, also known as overall rate (OAR), can be determined using several sources and methods. In developing our opinion of OAR, the following techniques were used:

- › Comparable Sales (Sales Comparison Approach)
- › Investor Surveys
- › Band of Investment Technique
- › Debt Coverage Ratio Technique

### Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach, and the capitalization rates from each of those sales.

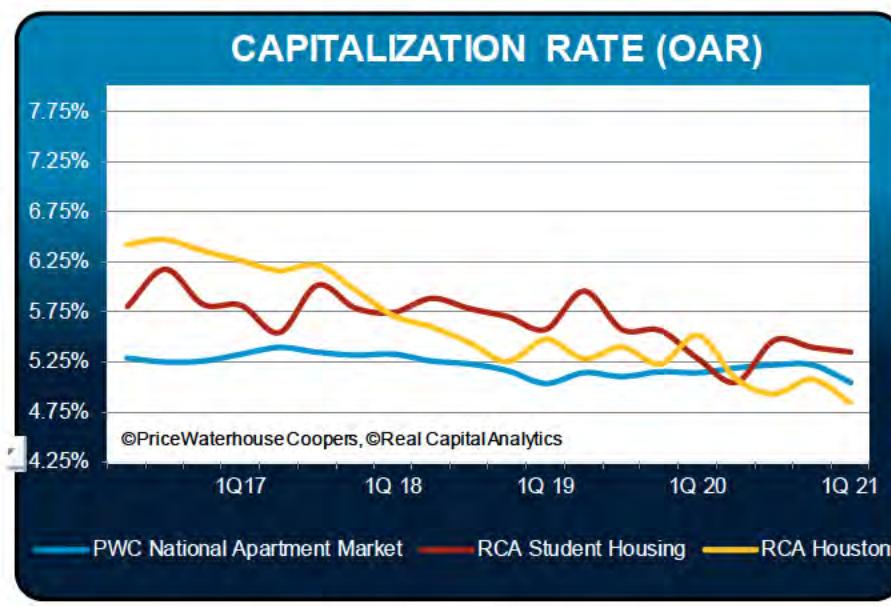
CAPITALIZATION RATE COMPARABLES (OAR)									
NAME	CITY	ST	SALE DATE	YR BLT	UNITS	Avg Unit SF	\$/UNIT	SALE PRICE	CAP RATE
1 Progress 405	Stillwater	OK	January 31, 2020	2016	180	1,144	\$150,000	\$27,000,000	5.28%
2 Lighthouse	Wilmington	NC	February 20, 2020	2013	124	1,113	\$216,935	\$26,900,000	5.67%
3 The Den	Columbia	MO	May 6, 2021	2014	158	1,230	\$141,218	\$22,312,500	5.80%
4 Madera	San Antonio	TX	May 15, 2019	2009	168	1,233	\$157,738	\$26,500,000	5.92%
5 Prado	San Antonio	TX	September 14, 2018	2013	160	1,233	\$240,625	\$38,500,000	5.52%
6 Catalyst Apartments	Tallahassee	FL	December 23, 2020	2013	130	1,127	\$323,077	\$42,000,000	5.58%
LOW			September 2018						5.28%
HIGH			May 2021						5.92%
AVERAGE			February 2020						5.63%
MEDIAN			February 2020						5.63%
INDICATED CAPITALIZATION RATE (OAR)								5.50% to 6.00%	

Capitalization rates have declined over the past several years due to interest rates remaining near all-time lows. However, capitalization rates for student housing properties remained fairly steady over 2020 with slight increases in some cases. According to information provided by active brokers and market participants, the capitalization rates are declining again over the first half of 2021 with strong investment demand and continued low interest rates. As previously explained, the subject's local student apartment market is competitive and appears to be overbuilt and saturated at the current time. This situation has produced a negative impact on occupancy levels and rent growth over the past couple of years. Currently, it appears that the newest properties in the market reflect the highest occupancy rates, with other properties (including the subject) competing for the remaining tenants. There are no additional student housing projects reportedly planned for development, and thus demand should outpace new inventory over the next few years, thereby producing probable occupancy gains and income growth. In addition, it is anticipated that an increased number of students will move back to properties near the campus in the upcoming year after staying at home and commuting to school (or taking a year off) during the COVID-19 crisis. Considering all of these circumstances (including the uncertainty of how long it will take for the local student housing market to rebound and reach stabilized levels again), a capitalization rate slightly above the average of the sales appears reasonable on a stabilized basis.

## Investor Surveys

The potential investor pool for the subject asset includes national, regional and local investors. While all of these groups place emphasis on local cap rates, regional and national investors would also strongly consider national cap rate trends from investor surveys due to the potential to invest in other regions that are offering competitive rates of return.

The following graph provides a historical illustration of capitalization rate statistics as surveyed by investors that we considered to be relevant to the subject property.



The following table provides the most recent survey results from investors and our independent market participant interview.

CAPITALIZATION RATE SURVEYS (OAR)						
SOURCE	QUARTER	RANGE	Avg	Last Q	Last Yr	
PriceWaterhouse Coopers						
National Apartment Market	1Q 21	3.50% to 7.00%	5.04%	5.22%	5.14%	
Real Capital Analytics						
Student Housing	1Q 21		5.35%	5.40%	5.28%	
Houston	1Q 21		4.84%	5.08%	5.51%	
Market Participant Interview						
Casey Schaefer	2Q 21	5.50% to 6.00%	5.75%	-	-	
<b>AVERAGE</b>		<b>4.50% to 6.50%</b>	<b>5.40%</b>	<b>5.23%</b>	<b>5.31%</b>	

## Band of Investment Technique

Because most properties are purchased with debt and equity capital, the overall capitalization rate must satisfy the market return requirements of both investment positions. Lenders must anticipate receiving a competitive interest rate commensurate with the perceived risk of the investment or they will not make funds available. Lenders also require that the principal amount of the loan be repaid through amortization payments. Similarly, equity investors must anticipate receiving a competitive equity cash return commensurate with the perceived risk or they will invest their funds elsewhere.

To analyze the capitalization rate from a financial position, the Band of Investment Technique is used. Available financing information indicates the following terms:

### BAND OF INVESTMENT ASSUMPTIONS

Loan Amortization Period	30 Years
Interest Rate	3.50%
Loan-to-Value (LTV) Ratio	75%
Mortgage Constant	5.39%

The equity dividend rate is the rate of return to the equity position and is generally higher than loan rates because the equity position has greater risk than the debt position (since the loan is paid first and the remaining income goes to the equity investor). The equity dividend is estimated to range between 1% to 5% more than the interest rate. Per conversations with various brokers including CBRE, Newmark, and JLL employees, there is a significant amount of capital in the marketplace and it is not abnormal for the equity rate to be lower than the interest rate on Class A assets and just slightly above the mortgage rate for Class B assets, since the debt will typically have three to five years of interest only term. Further, most investors and brokers reported that the IRR is the driving factor which considers the debt, equity, cash flow and reversion. The previous terms and an appropriate equity dividend rate are used in the Band of Investments calculations, which are presented on the following chart.

### BAND OF INVESTMENT CALCULATION

Mortgage Component	75%	x	5.39%	=	4.041%
Equity Component	25%	x	7.00%	=	1.750%
Indicated Capitalization Rate	<hr/>				
<b>INDICATED CAPITALIZATION RATE</b>	<b>5.79%</b>				

## Debt Coverage Ratio Technique

An alternate method to calculating capitalization rates based on financing metrics is the Debt Coverage Ratio method, which uses the relationship between the DCR, LTV, and mortgage constant to conclude to a rate value. Based on the assumptions previously discussed, we have concluded to a DCR of 1.35, an LTV of 75% and a mortgage constant of 5.39%. The following calculation indicates the cap rate conclusion by this method:

### DEBT COVERAGE RATIO CALCULATION

Debt Coverage Ratio	1.35
Loan-to-Value (LTV) Ratio	75%
Mortgage Constant	5.39%
<b>INDICATED CAPITALIZATION RATE</b>	<b>5.46%</b>

## Capitalization Rate Conclusion

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion.

CAPITALIZATION RATE CONCLUSION (OAR)					
SOURCE	QUARTER	RANGE	AVG	LAST Q	LAST YR
Comparable Sales		5.28% to 5.92%	5.63%	-	-
Investor Surveys	1Q 21	4.50% to 6.50%	5.40%	5.23%	5.31%
Casey Schaefer	2Q 21	5.50% to 6.00%	-	-	-
Band of Investment Technique			5.79%	-	-
Debt Coverage Technique			5.46%		
<b>AVERAGE</b>		5.09% to 6.14%	5.57%	5.23%	5.31%
<b>CAPITALIZATION CONCLUSION</b>			<b>5.75%</b>		

In general, we are of the opinion that direct market extraction derives the most reliable estimate. As explained previously, we must consider the subject's age, location, historical operating trends, vacancy and expense projections, and current costs of financing in projecting a capitalization rate.

After considering all relevant market factors and the specific attributes of the subject property (size, age, location, recent operating trends, etc.), we have selected an overall capitalization rate of **5.75%**. The rate selected is effectively applied to the estimated NOI to arrive at a value estimate via direct capitalization.

## ADJUSTMENTS TO VALUE

To reflect conditions in effect at the subject property as the date of value, adjustments to the capitalized value were necessary for lease up costs. The following discussion summarizes our support of the value adjustments. These adjustments carry forward to the other valuation sections as applicable to each approach to value.

### Lease-Up Analysis

As of our valuation date of June 21, 2021, the subject property is only 62.8% occupied (based on number of beds) and thus operating below a stabilized occupancy level. We have anticipated that the property will be fully stabilized within 14 months from the effective appraisal date, or near the beginning of the 2022-2023 school year. For the purposes of our analysis, the Prospective "As Stabilized" Market Value, assumes that the property is operating at a stabilized occupancy level by August 21, 2022.

To determine the rent loss due to vacancy during the lease-up period, we will utilize the estimated stabilized rents and apply these rents to the difference of the projected stabilized occupancy (exclusive of collection losses).

LEASE-UP ANALYSIS					
TOTAL BEDS		347	BEDS OCCUPIED	218	
ABSORPTION RATE BEDS/MONTH		77	PGI/BED/MONTH	\$732	
STABILIZED OCCUPANCY (295 BEDS)		85.0%	DISCOUNT RATE	4.00%	
MONTH	BEDS ABSORBED	BEDS REMAINING	BEDS OCCUPIED	RENT LOSS (PER MONTH)	PRESENT VALUE OF RENT LOSS
1	0	77	218	\$56,341	\$56,154
2	0	77	218	\$56,341	\$55,967
3	0	77	218	\$56,341	\$55,781
4	0	77	218	\$56,341	\$55,596
5	0	77	218	\$56,341	\$55,411
6	0	77	218	\$56,341	\$55,227
7	0	77	218	\$56,341	\$55,044
8	0	77	218	\$56,341	\$54,861
9	0	77	218	\$56,341	\$54,679
10	0	77	218	\$56,341	\$54,497
11	0	77	218	\$56,341	\$54,316
12	0	77	218	\$56,341	\$54,135
13	0	77	218	\$56,341	\$53,956
14	77	0	295	\$0	\$0
<b>TOTAL LOST RENTAL INCOME</b>				<b>\$715,623</b>	
<b>MARKETING @ \$1,000/Bed</b>				<b>\$77,000</b>	
<b>PROFIT @ 30.0% of \$792,623</b>				<b>\$237,787</b>	
<b>TOTAL LOST INCOME</b>				<b>\$1,050,000</b>	

Rounded to nearest \$50,000

### Total Adjustments to Value

A summary of the value adjustments that are applicable for valuation of the subject property are summarized in the following table.

SUMMARY OF VALUE ADJUSTMENTS	
ADJUSTMENT ITEM	ADJUSTMENT
<b>LEASE-UP COSTS</b>	
Rent Loss	\$715,623
Marketing	\$77,000
Subtotal Lease-Up Costs	\$792,623
Entrepreneurial Profit	\$237,787
<b>TOTAL LEASE-UP COSTS</b>	<b>\$1,030,410</b>
<b>TOTAL VALUE ADJUSTMENTS</b>	<b>\$1,050,000</b>

Rounded to nearest \$50,000

In addition to the lease-up costs associated with reaching stabilized occupancy, we must also deduct the previously noted Deferred Maintenance cost of \$482,450. These value adjustments were applied consistently to both the Income and Sales Comparison Approaches.

## DIRECT CAPITALIZATION

This method analyzes the relationship of one year's net operating income to total property value. The net operating income is capitalized at a rate that implicitly considers expected growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

The following table summarizes our opinion of market value via direct capitalization for the subject property's As-Is Value as of June 21, 2021.

CONTINUED

DAL210584

**DIRECT CAPITALIZATION SUMMATION TABLE**

UNIT TYPE	SF/UNIT	UNITS	\$/BED	\$/UNIT	TOTAL
Efficiency, WDP	350	5	\$925	\$925	\$55,500
Efficiency, WDP	358	5	\$925	\$925	\$55,500
1 Bed / 1 Bath, WDP	488	5	\$1,200	\$1,200	\$72,000
1 Bed / 1 Bath, WDP	501	5	\$1,200	\$1,200	\$72,000
2 Bed / 2 Bath, WDP	794	13	\$850	\$1,700	\$265,200
2 Bed / 2 Bath, WDP	853	5	\$875	\$1,750	\$105,000
2 Bed / 2 Bath, WDP	945	5	\$900	\$1,800	\$108,000
2 Bed / 2 Bath, WDP	937	3	\$900	\$1,800	\$64,800
2 Bed / 2 Bath, Dbl Occ, WDP	1,082	10	\$8,000	\$2,400	\$288,000
3 Bed / 3 Bath, WDP	1,060	1	\$53	\$2,100	\$25,200
4 Bed / 4 Bath, WDP	1,336	5	\$675	\$2,700	\$162,000
4 Bed / 4 Bath, WDP	1,460	5	\$700	\$2,800	\$168,000
4 Bed / 4 Bath, WDP	1,244	29	\$675	\$2,700	\$939,600
4 Bed / 4 Bath, WDP	1,219	5	\$675	\$2,700	\$162,000
4 Bed / 4 Bath, WDP	1,573	14	\$750	\$3,000	\$504,000
<b>TOTAL</b>		115	\$8,780	\$26,494	\$3,046,800
INCOME ITEMS	%PGI	%EGI	\$/BED	\$/UNIT	TOTAL
Potential Rental Income (PRI)			\$8,780	\$26,494	\$3,046,800
<b>TOTAL RENTAL INCOME</b>			<b>\$8,780</b>	<b>\$26,494</b>	<b>\$3,046,800</b>
OTHER INCOME					
Miscellaneous Income			\$245	\$739	\$85,000
Utility Reimbursements			\$115	\$348	\$40,000
Parking Income			\$274	\$826	\$95,000
<b>TOTAL OTHER INCOME</b>			<b>\$634</b>	<b>\$1,913</b>	<b>\$220,000</b>
<b>POTENTIAL GROSS INCOME (PGI)</b>			<b>\$9,414</b>	<b>\$28,407</b>	<b>\$3,266,800</b>
INCOME LOSS	%PRI		\$/BED	\$/UNIT	TOTAL
Vacancy	(15.0%)		(\$1,317)	(\$3,974)	(\$457,020)
Collection Loss	(1.0%)		(\$88)	(\$265)	(\$30,468)
Concessions (% Rental Income)	0.0%		-	-	\$0
Loss To Lease	0.0%		-	-	\$0
Admin Unit(s)	(0.7%)		(\$62)	(\$188)	(\$21,600)
<b>TOTAL INCOME LOSS</b>	<b>(16.7%)</b>		<b>(\$1,467)</b>	<b>(\$4,427)</b>	<b>(\$509,088)</b>
<b>EFFECTIVE GROSS INCOME (EGI)</b>	<b>84.4%</b>		<b>\$7,947</b>	<b>\$23,980</b>	<b>\$2,757,712</b>
EXPENSE ITEMS	%PGI	%EGI	\$/BED	\$/UNIT	TOTAL
Real Estate Taxes	(14.5%)	(17.1%)	(\$1,362)	(\$4,110)	(\$472,706)
Property Insurance	(2.8%)	(3.3%)	(\$265)	(\$800)	(\$92,000)
Electricity	(4.0%)	(4.7%)	(\$375)	(\$1,130)	(\$130,000)
Water & Sewer	(2.1%)	(2.5%)	(\$202)	(\$609)	(\$70,000)
Gas	0.0%	0.0%	-	-	\$0
Trash Removal	(0.5%)	(0.6%)	(\$49)	(\$148)	(\$17,000)
Repairs & Maintenance	(5.1%)	(6.0%)	(\$476)	(\$1,435)	(\$165,000)
Management Fee	(2.5%)	(3.0%)	(\$238)	(\$719)	(\$82,731)
Payroll	(7.7%)	(9.1%)	(\$720)	(\$2,174)	(\$250,000)
Advertising	(3.1%)	(3.6%)	(\$288)	(\$870)	(\$100,000)
General & Administrative	(1.2%)	(1.5%)	(\$115)	(\$348)	(\$40,000)
Property Specific	(6.3%)	(7.4%)	(\$591)	(\$1,783)	(\$205,000)
Franchise Taxes	(0.3%)	(0.3%)	(\$26)	(\$79)	(\$9,128)
Reserves	(1.3%)	(1.6%)	(\$125)	(\$377)	(\$43,375)
<b>TOTAL EXPENSES</b>	<b>(51.3%)</b>	<b>(60.8%)</b>	<b>(\$4,833)</b>	<b>(\$14,582)</b>	<b>(\$1,676,941)</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>33.1%</b>	<b>39.2%</b>	<b>\$3,115</b>	<b>\$9,398</b>	<b>\$1,080,771</b>
Capitalization Rate					5.75%
Capitalized Value					\$18,796,020
<b>PROSPECTIVE STABILIZED MARKET VALUE</b>			<b>\$54,179</b>	<b>\$163,478</b>	<b>\$18,800,000</b>
Lease- Up Costs					
Rent Loss	(21.9%)	(25.9%)			(\$715,623)
Marketing	(2.4%)	(2.8%)			(\$77,000)
Total Lease-Up Costs	(24.3%)	(28.7%)			(\$792,623)
Entrepreneurial Profit	(7.3%)	(8.6%)			(\$237,787)
<b>TOTAL LEASE-UP COSTS</b>	<b>(31.5%)</b>	<b>(37.4%)</b>			<b>(\$1,030,410)</b>
LESS: DEFERRED MAINTENANCE	(14.8%)	(17.5%)			(\$482,450)
<b>AS-IS MARKET VALUE</b>			<b>\$150,435</b>	<b>\$17,300,000</b>	

Rounded to nearest \$100,000

## EFFECTIVE GROSS INCOME MULTIPLIER METHOD

The effective gross income multiplier (EGIM), as indicated by the comparable sales, will be applied to the effective gross income for the subject property in order to determine an estimate of value. The multiplier is also used as an indicator of value and takes into consideration the proportion of expense to every dollar of effective gross income. It is derived by dividing the sale price by the effective gross income. Typically, effective gross income multipliers, which are derived and applied before considering expenses, are used without adjustments. However, to avoid an inaccurate conclusion of value, those comparables with similar expense ratios (% of effective gross income) are typically emphasized. The following table summarizes each comparable sale's expense ratio and EGIM indicator:

EGIM ANALYSIS					
SALE	TOTAL EXPENSE EXPENSES/UNIT EXPENSES/BED	EXPENSE % (EGI)	EGIM		
Subject	\$1,676,941	\$14,582	\$4,833	61%	-
1	\$1,863,200	\$10,351	\$3,425	57%	8.21
2	\$1,322,400	\$10,665	\$3,800	46%	9.45
3	\$1,839,000	\$11,639	\$3,332	60%	7.26
4	\$1,954,808	\$11,636	\$3,879	55%	7.52
5	\$2,324,600	\$14,529	\$4,925	52%	8.65
<b>LOW</b>	\$1,322,400	\$10,351	\$3,332	44%	7.26
<b>HIGH</b>	\$2,324,600	\$14,529	\$4,925	60%	10.01
<b>AVERAGE</b>	\$1,859,089	\$12,176	\$3,994	52%	8.52
<b>MEDIAN</b>	\$1,856,864	\$11,638	\$3,839	54%	8.43

Effective gross income multipliers are typically correlated with operating expense ratios (OER). As OERs increase, the efficiency of the property's income producing capacity is diminished. Thus, those sales with the highest OERs typically indicate the lowest EGIMs, and vice versa. This general trend is demonstrated by the comparables. Based on the subject's projected expense ratio, which falls just above the comparable range, a multiplier below the range is considered most appropriate for the subject. Therefore, a multiplier of 7.00 is concluded. The concluded EGIM, the EGIM value calculation, and the indicated value based on the EGIM Method are displayed in the following table.

EGIM INDICATED VALUE			
CONCLUDED EGIM	CONCLUDED EGI	VALUE	
7.00	X	\$2,757,712	= \$19,300,000
<b>Lease- Up Costs</b>			
Rent Loss			(\$715,623)
Marketing			(\$77,000)
Total Lease-Up Costs			(\$792,623)
Entrepreneurial Profit			(\$237,787)
<b>TOTAL LEASE-UP COSTS</b>			(\$1,030,410)
<b>LESS: DEFERRED MAINTENANCE</b>			(\$482,450)
<b>AS-IS MARKET VALUE</b>			<b>\$17,800,000</b>

Rounded to nearest \$100,000

## INTRODUCTION

The Sales Comparison Approach is based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison.

## UNIT OF COMPARISON

The most relevant unit of comparison is the price per bed. This indicator best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility.

## COMPARABLE SELECTION

We completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. In selecting comparables, emphasis was placed on confirming recent improved sales of properties that match the highest and best use, and buyer/seller profile of the subject property. Overall, the sales selected represent the best comparables available for this analysis, and are each rated fairly similar to the subject in terms of age, amenities and bed/unit ratios.

## ADJUSTMENT PROCESS

Quantitative adjustments are made to the comparable sales. The following adjustments or general market trends were considered for the basis of valuation.

### Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a leased fee basis. If warranted, leased fee, leasehold and/or partial interest sales were adjusted accordingly.
Financing Terms	The subject property was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales. <b>Sale 3 represents a foreclosed property that was sold by a special servicer. Thus, we have applied a nominal upward adjustment for conditions of sale.</b>
Expenditures After Purchase	Adjustments were applied if physical conditions warranted expenditures on the part of the buyer to bring the comparable up to functional standards. Most often this adjustment accounts for costs associated with deferred maintenance.

**Market Conditions**

Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing. Based on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	June 2021	(As-Is)	5%

The analysis applies an upward market conditions adjustment of 5% annually reflecting the conditions between the oldest comparable sale date up through the effective appraisal date in June 2021. This situation is supported by a continued strong investment demand and compression in capitalization rates.

**Property Adjustments**

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject property.

CONTINUED

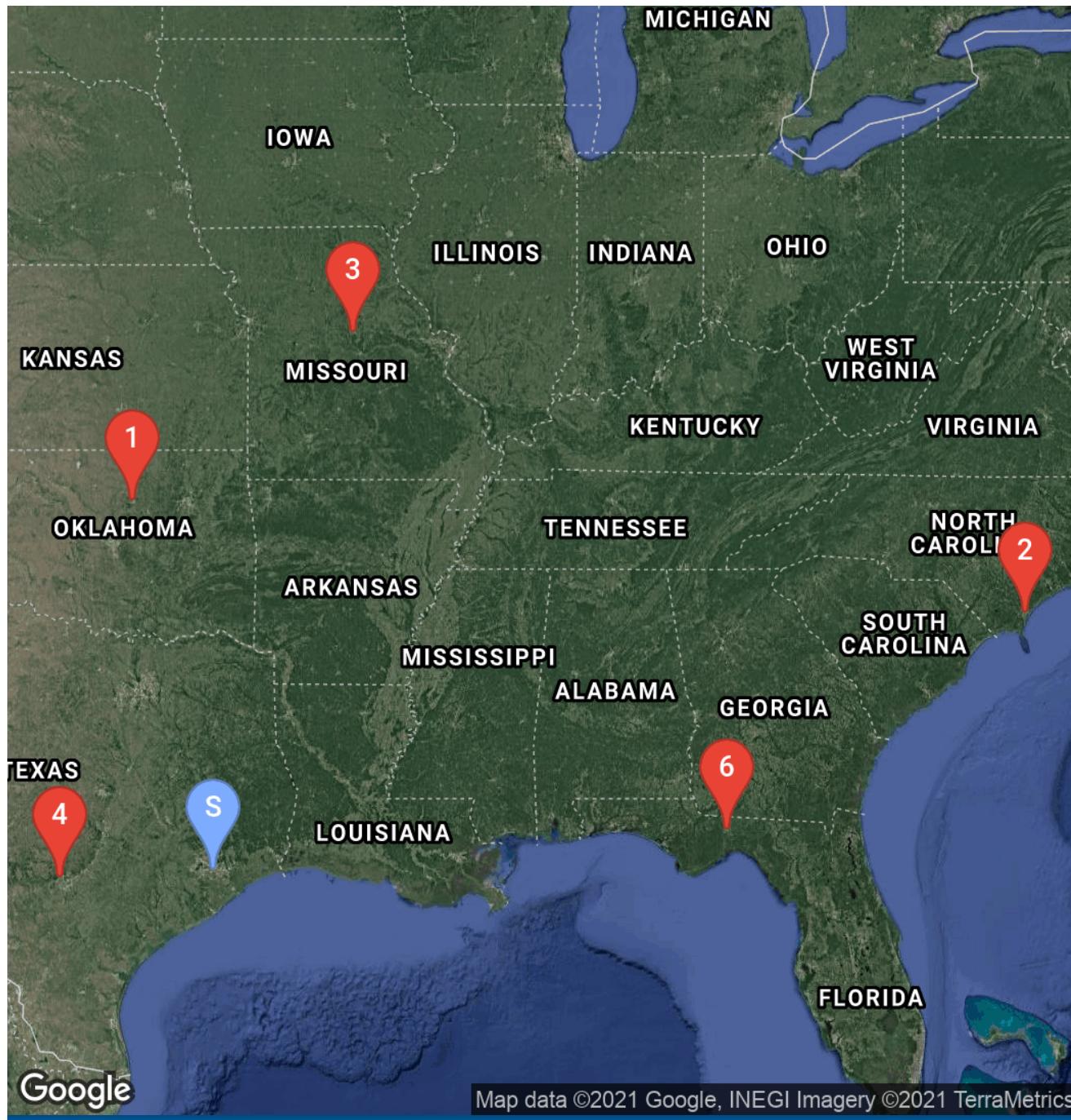
DAL210584

**PRESENTATION**

The following Sales Summation Table, Location Map and datasheets summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

IMPROVED SALES SUMMATION TABLE							
COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Vue on MacGregor	Progress 405	Lighthouse	The Den	Madera	Prado	Catalyst Apartments
Address	4460 South MacGregor Way	1520 N Boomer Road	4955 Pepys Lane	1412 Grindstone Plaza Drive	8102 West Hausman Road	7114 UTSA Boulevard	631 West Madison Street
City	Houston	Stillwater	Wilmington	Columbia	San Antonio	San Antonio	Tallahassee
State	TX	OK	NC	MO	TX	TX	FL
Zip	77021	74075	28403	65201	78249	78249	32304
County	Harris	Payne	New Hanover	Boone	Bexar	Bexar	Leon
PHYSICAL INFORMATION							
Project Design	Student	Student	Student	Student	Student	Student	Student
NRA (SF)	120,661	205,936	138,112	194,432	207,252	197,336	146,544
Units	115	180	124	158	168	160	130
Beds	347	544	348	552	504	472	402
Beds/Unit Ratio	3.02	3.02	2.81	3.49	3.00	2.95	3.09
Average Unit SF	1,049	1,144	1,113	1,230	1,233	1,233	1,127
Density	62.4	16.3	17.0	16.4	11.4	32.1	52.6
Land Area (AC)	1.8	11.0	7.3	9.7	14.8	5.0	2.5
Land Area (SF)	80,244	480,902	317,117	420,790	642,510	217,364	107,593
Year Built	2014	2016	2013	2014	2009	2013	2013
Location	Fair/Average	Fair/Average	Good	Fair/Average	Average	Average/Good	Average/Good
Quality	Average/Good	Average	Average/Good	Average/Good	Average	Average/Good	Average/Good
Condition	Average/Good	Average/Good	Average/Good	Average/Good	Average	Average/Good	Average/Good
Appeal	Average/Good	Average/Good	Average/Good	Average	Average	Good	Good
UNIT MIX DETAILS							
Studio	9%	0%	0%	0%	0%	0%	0%
1 Bed	9%	18%	0%	0%	0%	5%	8%
2 Bed	31%	22%	19%	30%	36%	43%	27%
3+ Bed	51%	60%	81%	70%	64%	53%	65%
Average Unit (SF)	1,049	1,144	1,113	1,230	1,233	1,233	1,127
SALE INFORMATION							
Date	1/31/2020	2/20/2020	5/6/2021	5/15/2019	9/14/2018	12/23/2020	
Status	Recorded	Recorded	Recorded	Recorded	Recorded	Recorded	
Sale Conditions	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length	Arms-Length	
Rights Transferred	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	
Transaction Price	\$27,000,000	\$26,900,000	\$21,250,000	\$26,500,000	\$38,500,000	\$42,000,000	
Transaction \$/Unit	\$150,000	\$216,935	\$134,494	\$157,738	\$240,625	\$323,077	
Transaction \$/Bed	\$49,632	\$77,299	\$38,496	\$52,579	\$81,568	\$104,478	
Transaction \$/SF NRA	\$131.11	\$194.77	\$109.29	\$127.86	\$195.10	\$286.60	
Analysis Price	\$27,000,000	\$26,900,000	\$22,312,500	\$26,500,000	\$38,500,000	\$42,000,000	
Expenses % PGI	51%	43%	55%	52%	50%	44%	
Expenses % EGI	57%	46%	60%	55%	52%	44%	
NOI/Unit	\$9,398	\$7,919	\$12,303	\$7,807	\$9,332	\$13,275	\$18,029
NOI/Bed		\$2,620	\$4,384	\$2,235	\$3,111	\$4,500	\$5,830
NOI/SF NRA	\$8.96	\$6.92	\$11.05	\$6.34	\$7.56	\$10.76	\$15.99
Occupancy	62.8%	90.0%	93.0%	92.0%	97.0%	99.0%	95.0%
Capitalization Rate	5.28%	5.67%	5.80%	5.92%	5.52%	5.58%	
PGIM	7.46	8.84	6.68	7.11	8.22	9.99	
EGIM	8.21	9.45	7.26	7.52	8.65	10.01	

## SALES LOCATION MAP



## COMPARABLE KEY

COMP	NAME	ADDRESS	OCC.	SALE DATE	OAR	\$/UNIT
SUBJECT	Vue on MacGregor	4460 South MacGregor Way, Houston, TX	62.8%	-	-	\$55,000
No. 1	Progress 405	1520 N Boomer Road, Stillwater, OK	90.0%	1/31/2020	5.28%	\$49,632
No. 2	Lighthouse	4955 Pepys Lane, Wilmington, NC	93.0%	2/20/2020	5.67%	\$77,299
No. 3	The Den	1412 Grindstone Plaza Drive, Columbia, MO	92.0%	5/6/2021	5.80%	\$38,496
No. 4	Madera	8102 West Hausman Road, San Antonio, TX	97.0%	5/15/2019	5.92%	\$52,579
No. 5	Prado	7114 UTSA Boulevard, San Antonio, TX	99.0%	9/14/2018	5.52%	\$81,568
No. 6	Catalyst Apartments	631 West Madison Street, Tallahassee, FL	95.0%	12/23/2020	5.58%	\$104,478

CONTINUED

DAL210584

**COMPARABLE 1****LOCATION INFORMATION**

Name	Progress 405
Address	1520 N Boomer Road
City, State, Zip Code	Stillwater, OK, 74075
County	Payne
APN	600025986

**SALE INFORMATION**

Buyer	Tailwind Stillwater, LLC
Seller	Castlerock Stillwater LP
Transaction Date	01/31/2020
Transaction Status	Recorded
Transaction Price	\$27,000,000
Analysis Price	\$27,000,000
Recording Number	2551000241
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Arms-Length

**PROGRESS 405****PHYSICAL INFORMATION**

Project Type	Student
Project Size NRA	205,936 SF
Units	180
Beds	544
Beds/Unit Ratio	3.02
No. of Buildings/Floors	3 Buildings / 4 Floors
Year Built	2016
Quality / Condition	Average / Average/Good
Appeal	Average/Good
Building Structure	Wood
Site Size	11.0 Acres (480,902 SF)
Average Unit Size	1,144 SF
Density	16.3
Average Bed Size	379 SF
Project Amenities	Tanning, Business Center, BBQ/Picnic Area, Dog Park, Spa/Sauna, Swimming Pool, Fitness Center, Game Room
Unit Amenities	Washer/Dryer In-Unit, Furnished, Premium Appliances, Microwave, Premium Flooring, Balcony/Patio, Ceiling Fans, Walk-in Closets

**OPERATING INCOME**

	<u>TOTAL</u>	<u>PER UNIT</u>	<u>PER SF</u>
Rent Income	\$3,320,640	\$18,448	\$16.12
Other Income	\$300,000	\$1,667	\$1.46
Gross Income	\$3,620,640	\$20,115	\$17.58
Vacancy @ 10.0%	(\$332,064)	(\$1,845)	(\$1.61)
Effective Gross Income	\$3,288,576	\$18,270	\$15.97
Expenses	(\$1,863,200)	(\$10,351)	(\$9.05)
Net Operating Income	\$1,425,376	\$7,919	\$6.92
Occupancy at Sale	90.0%		
Expense % of PGI / EGI		51%	57%

**ANALYSIS INFORMATION**

Price/Bed	\$49,632
Adjusted Price/Bed	\$55,762
Capitalization Rate	5.28%
Equity Div. / PG M / EGIM	- 7.46 8.21

**CONFIRMATION**

Name	Confidential
Company	Confidential
Source	Seller's Broker
Date / Phone Number	07/27/2020 Confidential

**UNIT MIX**

NO. UNITS	AVG SIZE	BEDS/BATHS
32	548	1Bed / 1Bath
40	878	2Bed / 2Bath
96	1,400	4Bed / 4Bath
8	1,540	4Bed / 4Bath
4	1,640	4Bed / 4Bath

**REMARKS**

This property is located less than one mile north of the campus of Oklahoma State University in Stillwater, Oklahoma, and consists of a 180 unit (544-bed) student housing project contained within 3, four-story residential buildings which feature Hard-wood exteriors with flat roofs. Additional site improvements consist of a leasing office/clubhouse building that also includes a fitness room, locker rooms, tanning room, study lounge, business center and model dwelling unit. The parking areas are asphalt paved with 551 spaces. Each of the dwelling units is fully furnished, including a 40" television. Our income estimate is based on in-place figures with slight modifications to market. Expense projections are based upon in-place figures with slight modification, including a slight increase in anticipated taxes. The property was listed and marketed for sale by Newmark Knight Frank.

**COMPARABLE 2****LOCATION INFORMATION**

Name	Lighthouse
Address	4955 Pepys Lane
City, State, Zip Code	Wilmington, NC, 28403
County	New Hanover

**SALE INFORMATION**

Buyer	4955 Pepys Lane, LLC
Seller	Lighthouse Borrower, LLC
Transaction Date	02/20/2020
Transaction Status	Recorded
Transaction Price	\$26,900,000
Analysis Price	\$26,900,000
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Arms-Length

**PHYSICAL INFORMATION**

Project Type	Student
Project Size NRA	138,112 SF
Units	124
Beds	348
Beds/Unit Ratio	2.81
No. of Buildings/Floors	Buildings / 4 Floors
Year Built	2013
Quality / Condition	Average/Good / Average/Good
Appeal	Average/Good
Building Structure	Wood
Site Size	7.3 Acres (317,117 SF)
Average Unit Size	1,113 SF
Density	17.0
Average Bed Size	397 SF

Project Amenities	Fitness Center, Swimming Pool, Clubhouse, Game Room, Business Center, BBQ/Picnic Area, Tanning
Unit Amenities	Premium Flooring, Furnished, Premium Countertops, Premium Appliances, Microwave, Washer/Dryer In-Unit, Walk-in Closets, Ceiling Fans, Balcony/Patio

**UNIT MIX**

NO. UNITS	AVG SIZE	BEDS/BATHS
24	888	2Bed / 2Bath
100	1,168	3Bed / 3Bath

**LIGHTHOUSE****OPERATING INCOME**

	TOTAL	PER UNIT	PER SF
Rent Income	\$2,801,961	\$22,596	\$20.29
Other Income	\$242,208	\$1,953	\$1.75
Gross Income	\$3,044,169	\$24,550	\$22.04
Vacancy @ 7.0%	(\$196,137)	(\$1,582)	(\$1.42)
Effective Gross Income	\$2,848,032	\$22,968	\$20.62
Expenses	(\$1,322,400)	(\$10,665)	(\$9.57)
Net Operating Income	\$1,525,632	\$12,303	\$11.05
Occupancy at Sale	93.0%		
Expense % of PGI / EGI		43%	46%

**ANALYSIS INFORMATION**

Price/Bed	\$77,299
Adjusted Price/Bed	\$53,761
Capitalization Rate	5.67%
Equity Div. / PGIM / EG M -	8.84 9.45

**CONFIRMATION**

Name	Confidential
Company	Confidential
Source	Seller's Broker
Date / Phone Number	09/18/2020 Confidential

**REMARKS**

This property is located in Wilmington, North Carolina within walking distance to the campus of The University of North Carolina at Wilmington. Improvements consists of four story buildings with Hardi plank exteriors. The property has been well maintained with no items of deferred maintenance. Community amenities include a sand volleyball court, theater, computer lounge with games and an outdoor firepit. The dwelling units are fully furnished and contain a washer/dryer. In addition, granite countertops and stainless steel appliances are provided in each unit. Our projected income and expenses are based on the selling broker's proforma. The property was listed for sale by CBRE.

CONTINUED

DAL210584

**COMPARABLE 3****LOCATION INFORMATION**

Name	The Den
Address	1412 Grindstone Plaza Drive
City, State, Zip Code	Columbia, MO, 65201
County	Boone

**SALE INFORMATION**

Buyer	HPI Den, LLC (Hamilton Point Inv.)
Seller	Undisclosed (per Assessor Records)
Transaction Date	05/6/2021
Transaction Status	Recorded
Transaction Price	\$21,250,000
Analysis Price	\$22,312,500
Rights Transferred	Leased Fee
Financing	Cash at Settlement
Conditions of Sale	Arms-Length

**PHYSICAL INFORMATION**

Project Type	Student
Project Size NRA	194,432 SF
Units	158
Beds	552
Beds/Unit Ratio	3.49
No. of Buildings/Floors	Buildings / 4 Floors
Year Built	2014
Quality / Condition	Average/Good / Average/Good
Appeal	Average
Site Size	9.7 Acres (420,790 SF)
Average Unit Size	1,230 SF
Density	16.4
Average Bed Size	457 SF
Project Amenities	Sport Court, Swimming Pool, Shuttle Service, Dog Park, Fitness Center, Business Center, BBQ/Picnic Area
Unit Amenities	Furnished, Balcony/Patio, Washer/Dryer In-Unit, Premium Flooring, Premium Countertops, Complete Appliance Package, Premium Appliances, Microwave, Walk-in Closets, Ceiling Fans

**UNIT MIX**

NO. UNITS	AVG SIZE	BEDS/BATHS
24	804	2Bed / 2Bath
24	934	2Bed / 2Bath
30	1,336	4Bed / 4Bath
40	1,344	4Bed / 4Bath
40	1,472	4Bed / 4Bath

**THE DEN****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER UNIT</u>	<u>PER SF</u>
Rent Income	\$2,980,800	\$18,866	\$15.33
Other Income	\$360,000	\$2,278	\$1.85
Gross Income	\$3,340,800	\$21,144	\$17.18
Vacancy @ 9.0%	(\$268,272)	(\$1,698)	(\$1.38)
Effective Gross Income	\$3,072,528	\$19,446	\$15.80
Expenses	(\$1,839,000)	(\$11,639)	(\$9.46)
Net Operating Income	\$1,233,528	\$7,807	\$6.34
Occupancy at Sale	92.0%		
Expense % of PGI / EGI		55%	60%

**ANALYSIS INFORMATION**

Price/Bed	\$38,496
Adjusted Price/Bed	\$42,867
Capitalization Rate	5.80%
Equity Div. / PGIM / EGIM -	6.68 7.26

**CONFIRMATION**

Name	Confidential	
Company	Confidential	
Source	Seller's Broker	
Date / Phone Number	06/18/2021	Confidential

**REMARKS**

This property is located in Columbia, Missouri approximately two miles from the campus of the University of Missouri.. Improvements consist of four-story buildings and open surface parking. According to the selling broker, the property had been foreclosed in 2019 and was sold by a special servicer. The property was approximately 92% occupied at the time of sale and was 90% pre-leased for the Fall 2021 semester. Each of the units is fully furnished. Additional amenities include a pool, fitness center, grilling stations, sand volleyball court, sports court, dog park, study rooms and campus shuttle service. Our income estimate is based on the broker's projected stabilized rents for the upcoming school year. Expenses are forecast based on actual historical figures with slight adjustments applied. The asset was listed and marketed for sale by Transwestern. According to the broker, there was significant interest with several offers submitted.

**COMPARABLE 4****LOCATION INFORMATION**

Name	Madera
Address	8102 West Hausman Road
City, State, Zip Code	San Antonio, TX, 78249
County	Bexar
MSA	San Antonio-New Braunfels, TX
APN	1140775

**SALE INFORMATION**

Buyer	MADERA APARTMENTS LLC
Seller	ROYAL SAN ANTONIO 3 LLC
Transaction Date	05/15/2019
Transaction Status	Recorded
Transaction Price	\$26,500,000
Analysis Price	\$26,500,000
Rights Transferred	Leased Fee
Financing	All Cash
Conditions of Sale	Arms-Length

**PHYSICAL INFORMATION**

Project Type	Student
Project Size NRA	207,252 SF
Units	168
Beds	504
Beds/Unit Ratio	3.
No. of Buildings/Floors	5 Buildings / 3 Floors
Year Built	2009
Parking Spaces / Ratio	522 (3.1/Unit)
Quality / Condition	Average / Average
Appeal	Average
Site Size	14.8 Acres (642,510 SF)
Zoning	MF-33
Average Unit Size	1,233 SF
Density	11.4
Average Bed Size	411 SF
Project Amenities	Electronic Gate, BBQ/Picnic Area, Business Center, Fitness Center, Game Room, Clubhouse, Swimming Pool
Unit Amenities	Balcony/Patio, Ceiling Fans, Premium Appliances, Walk-in Closets, Washer/Dryer In-Unit, Washer/Dryer Hookups, Furnished

**UNIT MIX**

NO. UNITS	AVG SIZE	BEDS/BATHS
36	960	2Bed / 2Bath
24	977	2Bed / 2Bath
12	1,142	3Bed / 3Bath
36	1,205	3Bed / 3Bath
60	1,536	4Bed / 4Bath

**MADERA****OPERATING INCOME**

	TOTAL	PER UNIT	PER SF
Rent Income	\$3,702,960	\$22,041	\$17.87
Other Income	\$23,352	\$139	\$0.11
Gross Income	\$3,726,312	\$22,180	\$17.98
Vacancy @ 5.5%	(\$203,663)	(\$1,212)	(\$0.98)
Effective Gross Income	\$3,522,649	\$20,968	\$17.00
Expenses	(\$1,954,808)	(\$11,636)	(\$9.43)
Net Operating Income	\$1,567,841	\$9,332	\$7.56
Occupancy at Sale	97.0%		
Expense % of PGI / EGI		52%	55%

**ANALYSIS INFORMATION**

Price/Bed	\$52,579
Adjusted Price/Bed	\$58,363
Capitalization Rate	5.92%
Equity Div. / PGIM / EGIM -	7.11 7.52

**CONFIRMATION**

Name	Confidential
Company	Confidential
Source	Confidential
Date / Phone Number	04/3/2019 Confidential

**REMARKS**

This student housing property is near the campus of University of Texas at San Antonio. The property is fully furnished, including a TV for each unit. Based off the T-12 month NOI, the property transacted on a 5.36% capitalization rate inclusive of \$375 per unit (\$125/bed) in reserves. For the proforma, we have grown income approximately 6% over the T-12 month EGI and utilized market expenses with taxes adjusted to approximately 90% of the purchase price.

**COMPARABLE 5****LOCATION INFORMATION**

Name	Prado
Address	7114 UTSA Boulevard
City, State, Zip Code	San Antonio, TX, 78249
County	Bexar
MSA	San Antonio-New Braunfels, TX
APN	16633-003-0080

**SALE INFORMATION**

Buyer	AC Prado LLC
Seller	Prado SH, LP
Transaction Date	09/14/2018
Transaction Status	Recorded
Transaction Price	\$38,500,000
Analysis Price	\$38,500,000
Recording Number	20180182960
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Arms-Length

**PHYSICAL INFORMATION**

Project Type	Student
Project Size NRA	197,336 SF
Units	160
Beds	472
Beds/Unit Ratio	2.95
No. of Buildings/Floors	4 Buildings / 5 Floors
Year Built	2013
Quality / Condition	Average/Good / Average/Good
Appeal	Good
Building Structure	Wood
Site Size	5.0 Acres (217,364 SF)
Zoning	PUD
Average Unit Size	1,233 SF
Density	32.1
Project Amenities	Elevators, Game Room, Clubhouse, Swimming Pool, Fitness Center, Business Center, BBQ/Picnic Area, Electronic Gate
Unit Amenities	Balcony/Patio, Premium Appliances, Premium Countertops, Premium Flooring, Walk-in Closets, Washer/Dryer In-Unit, Microwave, Furnished

**OPERATING INCOME**

	<b>TOTAL</b>	<b>PER UNIT</b>	<b>PER SF</b>
Rent Income	\$4,270,464	\$26,690	\$21.64
Other Income	\$413,000	\$2,581	\$2.09
Gross Income	\$4,683,464	\$29,272	\$23.73
Vacancy @ 5.5%	(\$234,876)	(\$1,468)	(\$1.19)
Effective Gross Income	\$4,448,588	\$27,804	\$22.54
Expenses	(\$2,324,600)	(\$14,529)	(\$11.78)
Net Operating Income	\$2,123,988	\$13,275	\$10.76
Occupancy at Sale	99.0%		
Expense % of PGI / EGI		50%	52%

**ANALYSIS INFORMATION**

Price/Bed	\$81,567.80
Adjusted Price/Bed	\$60,441.74
Capitalization Rate	5.52%
Equity Div. / PGIM / EG M -	8.22
	8.65

**CONFIRMATION**

Name	Confidential
Company	Confidential
Source	Appraiser
Date / Phone Number	05/27/2020
	Confidential

**UNIT MIX**

NO. UNITS	AVG SIZE	BEDS/BATHS
8	568	1Bed / 1Bath
44	865	2Bed / 2Bath
12	875	2Bed / 2Bath
12	1,292	2Bed / 2Bath
12	1,252	3Bed / 3Bath
60	1,558	4Bed / 4Bath
4	1,593	4Bed / 4Bath
4	1,645	4Bed / 4Bath
4	1,818	5Bed / 5Bath

**REMARKS**

This sale property is located in Northwest San Antonio across the street from the campus from The University of Texas at San Antonio. Improvements consists of 4, five and six-story buildings with stucco, stone and Hardi plank exteriors with flat roofs. The property also includes 5,421 square feet of ground floor retail space and a five level parking garage. Our income and expense estimates are based upon actual in-place figures with slight modifications to market. The asset was marketed by the Dallas office of CBRE.

**COMPARABLE 6****LOCATION INFORMATION**

Name	Catalyst Apartments
Address	631 West Madison Street
City, State, Zip Code	Tallahassee, FL, 32304
County	Leon
MSA	Tallahassee, FL

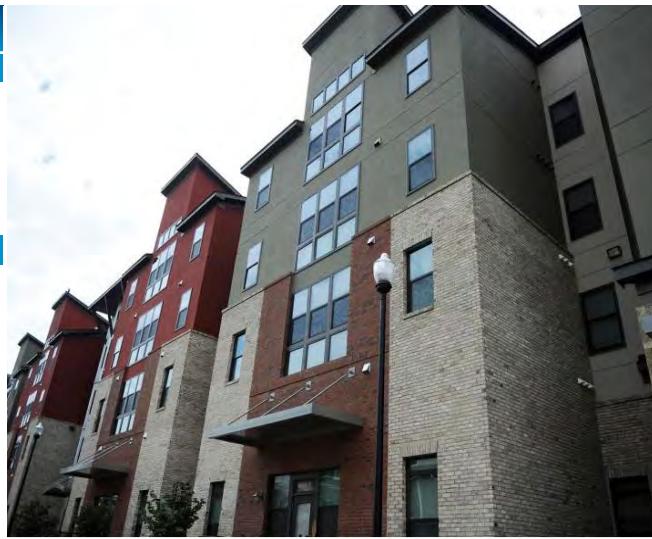
**SALE INFORMATION**

Buyer	Catalyst PropCo, LLC
Seller	Catalyst UCal, LLC
Transaction Date	12/23/2020
Transaction Status	Recorded
Transaction Price	\$42,000,000
Analysis Price	\$42,000,000
Recording Number	5529/2263
Rights Transferred	Leased Fee
Financing	Conventional
Conditions of Sale	Arms-Length

**PHYSICAL INFORMATION**

Project Type	Student
Project Size NRA	146,544 SF
Units	130
Beds	402
Beds/Unit Ratio	3.09
Year Built	2013 - Renovated 2019
Quality / Condition	Average/Good / Average/Good
Appeal	Good
Building Structure	Wood
Site Size	2.5 Acres (107,593 SF)
Zoning	UV
Average Unit Size	1,127 SF
Density	52.6

Project Amenities	Fitness Center, Swimming Pool, Elevators, Clubhouse, Business Center, Exterior Lighting
Unit Amenities	Deadbolt, Air Conditioning, Dishwasher, Garbage Disposal, Washer/Dryer Hookups, Parking Open, Washer/Dryer In-Unit

**CATALYST APARTMENTS****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER UNIT</u>	<u>PER SF</u>
Rent Income	\$4,004,010	\$30,800	\$27.32
Other Income	\$200,225	\$1,540	\$1.37
Gross Income	\$4,204,235	\$32,340	\$28.69
Vacancy	(\$9,895)	(\$76)	(\$0.07)
Effective Gross Income	\$4,194,340	\$32,264	\$28.62
Expenses	(\$1,850,527)	(\$14,235)	(\$12.63)
Net Operating Income	\$2,343,813	\$18,029	\$15.99
Occupancy at Sale	95.0%		
Expense % of PGI / EGI		44%	44%

**ANALYSIS INFORMATION**

Price/Bed	\$104,477.61
Adjusted Price/Bed	\$79,925.37
Capitalization Rate	5.58%
Equity Div. / PG M / EGIM -	9.99 10.01

**CONFIRMATION**

Name	Appraisal Documents
Company	Confidential
Source	Appraisal Document
Date / Phone Number	12/30/2020
	Confidential

**UNIT MIX**

NO. UNITS	AVG SIZE	BEDS/BATHS	DESCRIPTION
10	546	1Bed / 1Bath	1 BD/1 BA
35	866	2Bed / 2Bath	2 BD/2 BA
18	1,077	3Bed / 3Bath	3 BD/3 BA
67	1,364	4Bed / 4Bath	4 BD/4 BA

**REMARKS**

Project Design: Mid-Rise □

This property transacted as part of a larger portfolio acquisition between University Communities (Seller) and GSA Investment Management Limited (Buyer). The total sale price was reported to be \$740,000,000 with \$42,000,000 allocated to Catalyst. This allocation was generally intended to reflect individual market value of the property, however our understanding is it may reflect some nominal rounding from the buyer/seller in order to come to an overall agreement on the portfolio transaction. Our understanding is there were no atypical terms or conditions; there were no reported seller concessions; and the transaction was arm's length between unaffiliated parties. The financials represent actual T12 income and expenses, adjusted to include reassessed taxes and reserves.

CONTINUED

DAL210584

## IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	Vue on MacGregor	Progress 405	Lighthouse	The Den	Madera	Prado	Catalyst Apartments
Address	4460 South MacGregor Way	1520 N Boomer Road	4955 Pepys Lane	1412 Grindstone Plaza Drive	8102 West Hausman Road	7114 UTSA Boulevard	631 West Madison Street
City, State	Houston, TX	Stillwater, OK	Wilmington, NC	Columbia, MO	San Antonio, TX	San Antonio, TX	Tallahassee, FL
NRA	120,661	205,936	138,112	194,432	207,252	197,336	146,544
Units	115	180	124	158	168	160	130
Beds	347	544	348	552	504	472	402
Beds/Unit Ratio	3.02	3.02	2.81	3.49	3.00	2.95	3.09
Average Bedroom SF	348	379	397	352	411	418	365
Density	62.4	16.3	17.0	16.4	11.4	32.1	52.6
Land Area (AC)	1.8	11.0	7.3	9.7	14.8	5.0	2.5
Land Area (SF)	80,244	480,902	317,117	420,790	642,510	217,364	107,593
Year Built	2014	2016	2013	2014	2009	2013	2013
Location	Fair/Average	Fair/Average	Good	Fair/Average	Average	Average/Good	Average/Good
Quality	Average/Good	Average	Average/Good	Average/Good	Average	Average/Good	Average/Good
Condition	Average/Good	Average/Good	Average/Good	Average/Good	Average	Average/Good	Average/Good
Appeal	Average/Good	Average/Good	Average/Good	Average	Average	Good	Good
<b>SALE INFORMATION</b>							
Date		1/31/2020	2/20/2020	5/6/2021	5/15/2019	9/14/2018	12/23/2020
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
Occupancy	62.8%	90.0%	93.0%	92.0%	97.0%	99.0%	95.0%
Capitalization Rate		5.28%	5.67%	5.80%	5.92%	5.52%	5.58%
NOI/Unit		\$7,919	\$12,303	\$7,807	\$9,332	\$13,275	\$18,029
NOI/SF NRA		\$6.92	\$11.05	\$6.34	\$7.56	\$10.76	\$15.99
\$/Unit		\$150,000	\$216,935	\$134,494	\$157,738	\$240,625	\$323,077
\$/Bed		\$49,632	\$77,299	\$38,496	\$52,579	\$81,568	\$104,478
\$/SF NRA		\$131.11	\$194.77	\$109.29	\$127.86	\$195.10	\$286.60
Transaction Price		\$27,000,000	\$26,900,000	\$21,250,000	\$26,500,000	\$38,500,000	\$42,000,000
<b>TRANSACTIONAL ADJUSTMENTS</b>							
Property Rights		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	5%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Analysis Price		<b>\$27,000,000</b>	<b>\$26,900,000</b>	<b>\$22,312,500</b>	<b>\$26,500,000</b>	<b>\$38,500,000</b>	<b>\$42,000,000</b>
Market Conditions <sup>1</sup>		7%	7%	1%	11%	14%	2%
Subtotal Transactional Adj Price		\$53,107	\$82,710	\$40,825	\$58,363	\$92,987	\$106,567
<b>PROPERTY ADJUSTMENTS</b>							
Location		0%	-30%	0%	-10%	-20%	-20%
Quality		5%	0%	0%	5%	0%	0%
Condition		0%	0%	0%	5%	0%	0%
Appeal		0%	0%	5%	5%	-5%	-5%
Average Bedroom Size		0%	-5%	0%	-10%	-10%	0%
Age		0%	0%	0%	5%	0%	0%
Number Of Units		0%	0%	0%	0%	0%	0%
Amenities		0%	0%	0%	0%	0%	0%
Subtotal Property Adjustment		5%	-35%	5%	0%	-35%	-25%
<b>TOTAL ADJUSTED PRICE</b>		<b>\$55,762</b>	<b>\$53,761</b>	<b>\$42,867</b>	<b>\$58,363</b>	<b>\$60,442</b>	<b>\$79,925</b>
<b>STATISTICS</b>	<b>UNADJUSTED</b>	<b>ADJUSTED</b>					
LOW	\$38,496	\$42,867					
HIGH	\$104,478	\$79,925					
MEDIAN	\$64,939	\$57,063					
AVERAGE	\$67,342	\$58,520					

<sup>1</sup> Market Conditions Adjustment - Compound annual change in market conditions: 5%

Date of Value (for adjustment calculations): 06/21/21

## SALES COMPARABLE ANALYSIS

### Introduction

The comparable sales indicate an adjusted value range from \$42,867 to \$79,925/Bed, with a median of \$57,063/Bed and an average of \$58,520/Bed. The range of total net adjustment applied to the comparables was from -30% to 12%, with an average net adjustment across all comparables of -8%. The level of total adjustment applied to the comparables is considered to be moderate. Overall, the availability of market data and extent of analysis was adequate to develop the subject property's total value. The adjustment process for each comparable sale is discussed in the following paragraphs.

### Discussion of Adjustments

Comparable 1 (\$55,762/Bed as adjusted) required a total upward transaction adjustment of 7%, which was applied for market conditions. This comparable required a total upward net adjustment of 5% for property characteristics, which was applied for inferior quality of construction. The minimum level of net adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 2 (\$53,761/Bed as adjusted) required a total upward transaction adjustment of 7%, which was applied for market conditions. This comparable required a total downward net adjustment of -35% for property characteristics. The sale is rated superior to the subject's location and adjusted downward to account for the stronger market appeal and higher effective rental rates and occupancies. The comparable is also adjusted downward a slight amount to account for a larger average bedroom size as compared to the subject. The moderate level of net adjustments required for this comparable indicates that it can be adequately relied upon for valuation of the subject. This comparable is given primary consideration as a value indicator for the subject.

Comparable 3 (\$42,867/Bed as adjusted) required a total upward transaction adjustment of 6%, which was applied for conditions of sale and market conditions. This comparable required a total upward net adjustment of 5% for property characteristics, which was applied for appeal. The minimal amount of net adjustments required for this comparable suggests it is fairly similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants primary consideration as a value indicator for the subject.

Comparable 4 (\$58,363/Bed as adjusted) required a total upward transaction adjustment of 11%, which was applied for market conditions. This comparable required adjustments for property characteristics, however these resulted in a net adjustment of 0%. The sale is rated superior to the subject in terms of location based on stronger market demand, as well as higher occupancy levels. Thus, a downward adjustment is applied for location. The sale is rated slightly inferior to the subject for quality, condition, age and appeal, and adjusted upward to account for these differences. However, a downward adjustment is applied to account for a larger average bedroom size compared to the subject. With no net adjustments required, this comparable is viewed as a good substitute for the subject. For this analysis, this comparable commands primary consideration as a value indicator for the subject.

Comparable 5 (\$60,442/Bed as adjusted) required a total upward transaction adjustment of 14%. This comparable required a total downward net adjustment of -35% for property characteristics. The sale is located directly across the street from the campus of UTSA and thus is rated superior to the subject for this factor. The property is also rated superior to the subject in terms of appeal and amenities (which includes ground floor retail space). The substantial level of net adjustments required for this comparable was justified due to the comparable's varying attributes. Considering these factors, this comparable is given secondary consideration as a value indicator for the subject.

Comparable 6 (\$79,925/Bed as adjusted) required a total upward transaction adjustment of 2%, which was applied for market conditions. This comparable required a total downward net adjustment of -25% for property characteristics. The sale is rated superior to the subject in terms of location based on stronger demand, as well as higher occupancy and rent levels. Thus, a downward adjustment is applied for location. In addition, a downward adjustment is also applied for a superior rating for appeal. The moderate amount of net adjustments required for this comparable suggests it is fairly similar to the subject, increasing its applicability for this analysis. Overall this comparable warrants secondary consideration as a value indicator for the subject.

## SALES COMPARISON APPROACH CONCLUSION

The comparable sales indicate an adjusted value range from \$42,867 to \$79,925/Bed, with a median of \$57,063/Bed and an average of \$58,520/Bed. Based on the results of the preceding analysis, Comparable 1 (\$55,762/Bed adjusted), Comparable 3 (\$42,867/Bed adjusted) and Comparable 4 (\$58,363/Bed adjusted) are given primary consideration for the subject's opinion of value based on the fact that these three sales required the least amount of net adjustments. We have allocated secondary weight to the other three sales. Thus, we have concluded to a value slightly below the overall adjusted average of the comparable sale prices.

The following table summarizes the analysis of the comparables, reports the reconciled price per bed value conclusion, and presents the concluded value of the subject property.

SALES COMPARISON APPROACH CONCLUSION (BEDS)										
COMP	PRICE	ADJUSTMENT			NET ADJ %	GROSS ADJ %	WEIGHT GIVEN			
		TRANSACTIONAL <sup>1</sup>	ADJUSTED	PROPERTY <sup>2</sup>						
1	\$49,632	7%	\$53,107	5%	\$55,762	12%	12%	PRIMARY		
2	\$77,299	7%	\$82,710	-35%	\$53,761	-30%	42%	SECONDARY		
3	\$38,496	6%	\$40,825	5%	\$42,867	11%	6%	PRIMARY		
4	\$52,579	11%	\$58,363	0%	\$58,363	11%	51%	PRIMARY		
5	\$81,568	14%	\$92,987	-35%	\$60,442	-26%	49%	SECONDARY		
6	\$104,478	2%	\$106,567	-25%	\$79,925	-24%	27%	SECONDARY		
LOW	\$42,867					AVERAGE	\$58,520			
HIGH	\$79,925					MEDIAN	\$57,063			
 <b>SUBJECT BEDS                    \$/BED CONCLUSION                    VALUE</b>										
<b>PROSPECTIVE VALUE UPON STABILIZATION</b>		347	x	\$55,000	=	\$19,100,000				
<b>Lease-Up Costs</b>							From Lease-Up Analysis			
Rent Loss							(\$715,623)			
Marketing							(\$77,000)			
Total Lease-Up Costs							(\$792,623)			
Entrepreneurial Profit							(\$237,787)			
<b>TOTAL LEASE-UP COSTS</b>							(\$1,030,410)			
<b>LESS: DEFERRED MAINTENANCE</b>							(\$482,450)			
<b>AS-IS MARKET VALUE</b>					\$50,720	\$17,600,000				

<sup>1</sup>Cumulative <sup>2</sup>Additive

Rounded to nearest \$100,000

## INTRODUCTION

The Reconciliation of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. Understanding the profiles of potential buyers and their typical reliance on each approach to value strongly influences the weighting process.

In the open market, the subject property type would command most interest from national and regional buyers that are actively pursuing student housing properties. There is currently strong buyer demand for substitute properties of the subject based on the information provided by active brokers during confirmation of market transactions. The most probable buyer is a national and regional investor in student housing.

As previously noted, there are few comparable transactions of similar student properties that have occurred in the recent past. Thus, based on the overall quality of the data and analyses, the Income Approach warranted primary emphasis in developing our final opinions of market value, with the Sales Approach providing ancillary support.

## PRESENTATION OF VALUE CONCLUSIONS

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The following table summarizes our final opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's leased fee interest. At the request of the client we have also completed an Insurable Replacement Cost Estimate.

### ANALYSIS OF VALUE CONCLUSIONS

VALUATION INDICES	MARKET VALUE AS-IS	PROSPECTIVE VALUE UPON STABILIZATION
<b>INTEREST APPRAISED</b>	LEASED FEE	LEASED FEE
<b>DATE OF VALUE</b>	JUNE 21, 2021	AUGUST 21, 2022
Sales Comparison Approach	\$17,600,000	\$19,100,000
Income Approach	\$17,300,000	\$18,800,000
<b>FINAL VALUE CONCLUSION</b>	<b>\$17,300,000</b>	<b>\$18,800,000</b>
\$/Unit	\$150,435/Unit	\$163,478/Unit
\$/Bed	\$49,856/Bed	\$54,179/Bed
\$/SF (NRA)	\$143.38/SF	\$155.81/SF
Exposure Time	Six Months or Less	Six Months or Less
Marketing Period	Six Months or Less	Six Months or Less
<b>OTHER CONCLUSIONS</b>	<b>AS OF JUNE 21, 2021</b>	
Insurable Replacement Cost	\$19,100,000	

We certify that, to the best of our knowledge and belief:

- › The statements of fact contained in this report are true and correct.
- › The reported analyses, opinions, and conclusions of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- › The signers of this report have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- › Mark Elledge, MAI has provided real property valuation services as an appraiser for the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Kyle Knox, MAI has provided real property valuation services as an appraiser for the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- › The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- › The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- › The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- › The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.

Mark Elledge, MAI inspected the property that is the subject of this report. Kyle Knox, MAI did not inspect the property that is the subject of this report.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report Mark Elledge, MAI and Kyle Knox, MAI have completed the continuing education program for Designated Members of the Appraisal Institute. As of the date of this report Mark Elledge, MAI and Kyle Knox, MAI have completed the Standards and Ethics Education Requirement for (Candidates or Practicing Affiliates) of the Appraisal Institute.



---

August 4, 2021

Date

Mark Elledge, MAI  
Valuation Services Director  
Certified General Real Estate Appraiser  
State of Texas License #TX-1323332-G  
+1 214 217 9326  
mark.elledge@colliers.com



---

August 4, 2021

Date

Kyle Knox, MAI  
Managing Director  
Certified General Real Estate Appraiser  
State of Texas License #TX-1323097-G  
+1 214 217 9335  
kyle.knox@colliers.com

This appraisal is subject to the following assumptions and limiting conditions:

- › The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- › We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- › The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- › Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- › The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- › Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- › This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- › The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- › The statements of value and all conclusions shall apply as of the dates shown herein.
- › There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- › Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- › This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- › The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- › The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.

- › The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
- › The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with ADA standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- › An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- › A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- › This analysis assumes that the financial information provided for this appraisal, including rent rolls and historical income and expense statements; accurately reflect the current and historical operations of the subject property.

Financial Exhibits  
Site Exhibits  
Engagement Letter  
Valuation Glossary  
Qualifications of Appraiser  
Qualifications of Colliers International Valuation & Advisory Services

## INSURABLE REPLACEMENT COST

At the client's request, we have included an estimate of the insurable replacement cost estimate of the subject improvements, which represents the replacement cost new of the subject improvements, exclusive of land value and profit, and the costs associated with excavation, site work, foundations and architects fees. Insurance coverage is usually specific to a given project. We have not been provided with the specific policy requirements, which limit the reliability of the conclusion. Insurable replacement cost is a matter of underwriting as opposed to valuation. Users of this report should not construe the conclusion of insurable value to be an indication of market value. The insurable estimate is made using base costs and multiplier adjustments for market conditions and location from *Marshall Valuation Service*, which is assumed to accurately reflect replacement cost of the subject. We assume no liability as to the subject's insurable replacement cost and recommend that an estimate from a reputable insurance company be obtained if further assurance is required.

The following chart summarizes the insurable replacement cost estimate:

INSURABLE REPLACEMENT COST			
MARSHALL VALUATION SERVICE DIRECT COST			
Number of Buildings	1		
Gross Building Area	229,266 SF	1	2
MVS Building Type		Multi-Family	Multi-Family
Component Description		Apartments	Office / Clubhouse
MVS Section/Page/Class		12/16/D	12/16/D
MVS Publication Date		May-21	May-21
Quality Rating		Average/Good	Average/Good
Component SF (Gross)	120,661	3,929	104,676
<b>Base Cost (Per SF)</b>	\$100.00	\$100.00	\$55.00
<b>SQUARE FOOT REFINEMENTS</b>			
Fire Sprinklers	\$2.00	\$2.00	\$2.00
<b>Subtotal</b>	<b>\$102.00</b>	<b>\$102.00</b>	<b>\$57.00</b>
<b>COST MULTIPLIERS</b>			
Current Cost Multiplier	1.06	1.06	1.07
Local Multiplier	0.89	0.89	0.89
<b>DIRECT COSTS PER SF</b>	<b>\$96.23</b>	<b>\$96.23</b>	<b>\$54.28</b>
Indirect Cost (% of Direct) <sup>1</sup>	15%	15%	15%
<b>INDIRECT COST PER SF</b>	<b>\$14.43</b>	<b>\$14.43</b>	<b>\$8.14</b>
<b>DIRECT &amp; INDIRECT TOTAL PER SF</b>	<b>\$110.66</b>	<b>\$110.66</b>	<b>\$62.42</b>
<b>CALCULATION OF REPLACEMENT COST NEW WITH PROFIT</b>			
Component SF (Gross)	120,661	3,929	104,676
Direct & Indirect Total	\$13,352,445	\$434,786	\$6,534,218
<b>TOTAL REPLACEMENT COST NEW</b>	<b>\$13,352,445</b>	<b>\$434,786</b>	<b>\$6,534,218</b>
<b>BASE IMPROVEMENT COST</b>	<b>\$20,321,449</b>		
<b>Demolition</b>	<b>3%</b>	<b>\$609,643</b>	
<b>Insurable Replacement Exclusions</b>	<b>9.0%</b>	<b>(\$1,828,930)</b>	
<b>Insurable Replacement Cost</b>		<b>\$19,100,000</b>	

<sup>1</sup>Colliers International Estimate

Rounded to nearest \$100,000

Please note the clubhouse / office area and Parking Garage sizes (square footage) are based on information from the Harris County Appraisal District.

